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BOARD MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD

SAN FRANCISCO CIVIC CENTER COMPLEX
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS

Linda Moulton-Patterson, Chairperson

Dan Eaton

Steven R. Jones

Jose Medina

Michael Paparian

David Roberti

STAFF

Mark Leary, Executive Director

Kathryn Tobias, Chief Counsel

Terry Jordan, Deputy Director

Julie Nauman, Deputy Director

Rubia Packard, Assistant Director

Pat Schiavo, Deputy Director

Patty Wohl, Deputy Director

Martha Gildart

Corky Mau

John Nuffer

Stacey Patenaude

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INDEX

PAGE

Call to Order	1
Roll Call	1
Opening Remarks	1
SPECIAL WASTE	
23 Consideration of Approval of Proposed Revised Scoring Criteria And Evaluation Process for FY 2001/02 Tire Product Commercialization Grant Program	34
26 Consideration of Approval of a Scope of Work for an Earthquake Response of Bridge Abutments Using Shredded Tire Backfill Study (FY 2001/02 Per Five-Year Plan for the Waste Tire Recycling Management Program	75
27 Consideration of Approval of the Interagency Agreement Between University of California at Davis and the Integrated Waste Management Board to Study Earthquake Response of the Bridge Abutments Using Shredded Tire Backfill (FY 2001/02, per Five-Year Plan of the Waste Tire Recycling Management Program)	86
28 Presentation of Selected E-Waste Diversion in California: A Baseline Study (FY 2000/2001 Contract Concept Number IWM-C0056) (Oral Presentation)	6
31 Consideration of Approval of Rigid Plastic Packaging Container Compliance Agreements	87
32 Discussion and Request for Direction on Rigid Plastic Packaging Container Administrative and Regulatory Issues	96
34 Consideration of Approval of Contractor for the Recycled Content Product Inventor Services (FY 2001/2002 Contract Concept Number 33)	90

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iv

INDEX CONTINUED

PAGE

36	Consideration of Approval of Contractor for the Economic Gardening Demonstration Project (FY 2001/2002 Contract Concept Number 29)	92
38	Consideration of Approval of Contractor for the Recycling Manufacturing Business Investment Forums (FY 2001/2002 Contract Concept Number 31)	94
39	Consideration of Approval to Increase Grant Awards for the Used Oil Recycling Block Grant Program	3
	Public Comments	109
	Adjournment	109
	Reporter's Certificate	110

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1 PROCEEDINGS

2 CHAIRPERSON MOULTON-PATTERSON: I'd to call our
3 meeting back to order. Would the secretary please call
4 the roll.

5 SECRETARY VILLA: Eaton?

6 BOARD MEMBER EATON: Here.

7 SECRETARY VILLA: Jones?

8 BOARD MEMBER JONES: Here.

9 SECRETARY VILLA: Medina?

10 BOARD MEMBER MEDINA: Here.

11 SECRETARY VILLA: Paparian?

12 BOARD MEMBER PAPARIAN: Here.

13 SECRETARY VILLA: Roberti?

14 Moulton-Patterson?

15 CHAIRPERSON MOULTON-PATTERSON: Here.

16 Okay. I'm going to turn it over -- ex partes.

17 Mr. Eaton?

18 BOARD MEMBER EATON: Just one. Matt Peterson, I
19 believe, of Global Green regarding green building.

20 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

21 BOARD MEMBER JONES: Thanks, Madam Chair.

22 Chuck White, Denise Delmatier, Murray Quance, and
23 a letter from Murray Quance. And Steve Johnson and I
24 talking about Salinas and the issues around a closed
25 transfer station and not being able to take those to the

1 landfill.

2 CHAIRPERSON MOULTON-PATTERSON: Mr. Medina.

3 BOARD MEMBER MEDINA: None to report.

4 CHAIRPERSON MOULTON-PATTERSON: Mr. Paparian.

5 BOARD MEMBER PAPARIAN: Yeah. Maurice Quillan of
6 Sanitary Fill and NorCal regarding upcoming operations of
7 theirs in the San Francisco area. Barry Takallou
8 regarding the tire program And Lindsay Smith regarding the
9 product commercialization grants.

10 CHAIRPERSON MOULTON-PATTERSON: Thank you.

11 And I spoke with Barry Takallou about an upcoming
12 conference. And I spoke socially with a lot of people
13 last night, Denise Delmatier, many people, but not on any
14 issues.

15 And with that, I guess we have decided that we
16 would here 39 first and then 28 is time certain around
17 10:00; is that correct, Mr. Leary?

18 EXECUTIVE DIRECTOR LEARY: Yes, Madam Chair, we
19 thought 39 would be a nice filler till we get to the time
20 certain at 10:00 o'clock in that it concerns the used oil
21 block grant program and it's really kind of the only item
22 of its kind on the agenda, so we respectfully request to
23 take that up first, and then we can go right into the
24 Ewaste and then onto 23 and the regular work.

25 CHAIRPERSON MOULTON-PATTERSON: Okay. Thank you.

1 MS. WILLD-WAGNER: Good morning, Madam Chair and
2 Board Members, I'm Shirley Willd-Wagner of the Special
3 Waste Division.

4 Item 39 is consideration of approval to increase
5 the grant awards for the used oil recycling block grant.
6 Back in July of 2000, the Board awarded about \$11.4
7 million in used oil recycling block grants to local
8 governments throughout the State.

9 That number was based on early projections of the
10 condition of the fund. And we mentioned both at the
11 Budget Subcommittee and the Board meetings that that
12 number may change. Year-end calculations have shown that
13 there is an additional five million two thousand that
14 should be distributed per statute to local governments
15 through the block grant program.

16 There are two different ways to distribute these
17 funds. One would be to augment or to do an amendment with
18 all the existing 250 grantees currently that have block
19 grants for fiscal year 01/02. The other way would be to
20 augment the BG8 cycle which we call fiscal year 2002/3.

21 Staff is recommending that we do the latter, that
22 we augment the eight cycle block grants. This would allow
23 the grantees the maximum amount of time to spend their
24 money, and it would also not cause any additional work
25 load on the grantees that would have to submit an

1 additional agreement.

2 We're in the application phase in January for
3 that block grant. So it should fit in well with all the
4 local government planning schedules.

5 The staff recommendation is Resolution 2001-526
6 to award five million two thousand dollars to local
7 grantees to the eight cycle used oil recycling block
8 grants.

9 CHAIRPERSON MOULTON-PATTERSON: Mr. Eaton?

10 BOARD MEMBER EATON: I just have one, would that
11 be like since it was 11 million last year for the grant
12 cycle, and this is five million, is it each one will have
13 one and a half times for the next upcoming fiscal year,
14 approximately? Will it be on the same allocation basis?

15 MS. WILLD-WAGNER: Yes, it will.

16 BOARD MEMBER EATON: Thank you.

17 CHAIRPERSON MOULTON-PATTERSON: Any other
18 questions?

19 BOARD MEMBER JONES: Madam Chair.

20 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

21 BOARD MEMBER JONES: I'd like to move adoption of
22 resolution 2001-526, consideration of approval to increase
23 grant awards for the used oil recycling block grant
24 program.

25 BOARD MEMBER MEDINA: Second.

1 CHAIRPERSON MOULTON-PATTERSON: Okay. We have a
2 motion by Mr. Jones seconded by Mr. Medina to approve
3 resolution 2001-526.

4 Please call the roll.

5 SECRETARY VILLA: Eaton?

6 BOARD MEMBER EATON: Aye.

7 SECRETARY VILLA: Jones?

8 BOARD MEMBER JONES: Aye.

9 SECRETARY VILLA: Medina?

10 BOARD MEMBER MEDINA: Aye.

11 SECRETARY VILLA: Paparian?

12 BOARD MEMBER PAPARIAN: Aye.

13 CHAIRPERSON MOULTON-PATTERSON: Why don't you
14 hold it for just a minute. Senator, when you get settled,
15 we took up Item 39, the block grants used oil, would you
16 care to vote on it. So far we have all ayes.

17 BOARD MEMBER ROBERTI: Yes.

18 SECRETARY VILLA: Senator?

19 CHAIRPERSON MOULTON-PATTERSON: He said yes.

20 SECRETARY VILLA: Moulton-Patterson?

21 CHAIRPERSON MOULTON-PATTERSON: Aye.

22 Any ex partes, Senator Roberti?

23 BOARD MEMBER ROBERTI: Yes, last night.

24 BOARD MEMBER EATON: Just submit the list.

25 (Laughter.)

1 BOARD MEMBER ROBERTI: Last night I spoke to Mr.
2 Rob Sneider of SMUD. I spoke to Denise Delmatier and Mr.
3 Sanjakimo of NorCal, general conservation, and a number of
4 other people whose names I do not recall, so God will
5 forgive me.

6 Those are the ones whose names --

7 BOARD MEMBER MEDINA: I also spoke with Mr.
8 Sanjakimo about business.

9 CHAIRPERSON MOULTON-PATTERSON: I did also.
10 Okay. Then do we want to go to the time certain.
11 It's not quite 10:00.

12 EXECUTIVE DIRECTOR LEARY: That's okay. I Think
13 we're all ready to go.

14 MS. WILLD-WAGNER: They're ready for it. Again,
15 Shirley Willd-Wagner with the Special Waste Division.

16 Item 28 is presentation of the base line and
17 Ewaste study that we've all been hearing quite a bit
18 about. We're pretty excited about the study report. This
19 will be presented by our contractor.

20 Back in June the Board entered into a contract
21 with MGT of America to perform this study, and in November
22 the contract delivered the study. We do have copies of
23 the report out on the table. It is now also up on our web
24 site thanks to Frank Simpson and his staff.

25 Today a press release will be released about the

1 Ewaste study, and some of the findings. The contractor
2 worked very closely with the internal working group of the
3 Board that you've heard from the briefing last week.

4 To help make this report is that we needed to
5 help make decisions in the future on how we are going to
6 deal with the Ewaste. I think it will also be a big help
7 to local governments as we grapple with this new issue.

8 Today, with MGT of America we have with us Mary
9 Winkley, Tim Lynch and Karen Bloomer and Mary will start
10 the presentation.

11 MS. WINKLEY: Good morning members of the Board.
12 My name is Mary Winkley with MGT of America. Tim and
13 Karen will join me in presenting the report. As I see,
14 you've just been handed our presentation which is our
15 synthesis of the report.

16 First, we want to thank the staff who assisted us
17 in preparing this report. Throughout the engagement Mitch
18 Delmage, Shirley and Mark Kennedy all helped us as a
19 steering committee and directed us throughout the
20 engagement. So we want to appreciate their assistance.

21 If you turn to page one of the presentation, I'll
22 take you through the table of contents, what we'd like to
23 review today: The purpose of the study; why the Board
24 contracted for the study as we understand it; our scope of
25 our responsibilities; the methodology, that is the what

1 and the how of what we did; our findings, Tim will
2 present; the conclusions and the consideration are the
3 issues for the Board, Karen will present.

4 On page two you'll see our definition of the
5 purpose of the study and that is to acquire data from the
6 field, that is your infrastructure folks and households on
7 Ewaste so that the Board can make policy decisions with
8 this data in the future.

9 On page 3 of the presentation, you'll see that we
10 narrowed who we were talking to. As you know, there are
11 many items that fall under the definition of Ewaste, cell
12 phones, microwaves. We focused on the televisions,
13 computer monitors, and CPUs because we felt the Board
14 wanted more information on fewer items rather than less
15 information on all the Ewaste items.

16 So those three were on the list of those to
17 choose from and those are the ones we focused on because
18 we felt like those were the most prevalent out there in
19 the community.

20 As to the infrastructure, we focused on
21 diversion, and that is those items that went to the
22 processors as opposed to landfills, haulers, exporters, et
23 cetera.

24 Primary processors, as we defined them, are those
25 who resell or refurbish for resale computer monitors, CPUs

1 and televisions. The secondary processors you'll hear
2 about, through the presentation, are those who
3 demanufacture the items for resale, in other words, take
4 apart the item and sell the materials. Those are
5 secondary processors like at HMR in the Bay Area. Those
6 are the definitions we'll use throughout.

7 On page 4 we start with the what of the study,
8 what is it that we were asked to do?

9 We were asked to identify the current capacity,
10 that is how much could processors out there in the State
11 process? We were asked to project the volume of Ewaste
12 for the year 2006. Then we were to determine whether
13 there was a gap between the projected volume in 2006 and
14 the current 2001 capacity, and if there was a volume for
15 any Ewaste item, to determine what the cost to fill the
16 gap would be. And lastly to identify how many CRTs were
17 in California households.

18 On page 5 we start to talk about the how of the
19 study, the methodology. We surveyed processors throughout
20 the State. We surveyed almost 600 processors in the State
21 of California, that's both the thrift store types, the
22 primary processors, as well as the secondary processors,
23 those who demanufacture these items for the parts.

24 We then asked them to project the volume for
25 2006. They self-reported their projection for 2006. And

1 a second model to project the volume was the historical
2 averages. We asked for their volume for the last five
3 years so that we could determine a trend of volume
4 processed. And that range is what you'll see throughout
5 these figures, the range between what they reported and
6 what the historical trends would suggest for volume
7 processing in the future.

8 On page 6 we continue the how of what we did. We
9 took the 2001 capacity, which we got from the processors
10 and the 2006 projection also achieved from the processors
11 through self-reporting and historical volumes and we
12 compared them to determine what the gap might be.

13 We asked them to average the cost to process by
14 Ewaste type and by their processing type, that is thrift
15 stores separate from those who demanufacture, to come up
16 with an average cost to process each of the three Ewaste
17 types. So that if there was a Delta, if there was a gap
18 between volume and capacity, you would be able to
19 understand what it might cost to fill that gap. So that's
20 the gap analysis.

21 And then lastly we surveyed California
22 households, which did this in conjunction with the Field
23 Institute conducting a telephone survey of 1,000
24 California households, statistically representative of the
25 California population and we'll provide the findings of

1 that survey to you.

2 Tim is going to start with the Findings section
3 on page 7, the findings of our study.

4 MR. LYNCH: We're actually going to go through a
5 series of charts here, so if you'll turn to page 7, you'll
6 notice the first thing we examined was the current
7 capacity of the infrastructure. So across the top you'll
8 see that this is the 2001 processing capacity.

9 Down the left-hand side of the chart we're
10 talking about tons, and that was the common metric we used
11 for all of our measurements so you'll note that all of the
12 charts we're looking at will be in tons. And then across
13 the bottom is our three Ewaste types.

14 Clearly, you'll see here that the total capacity
15 for processing televisions in the State currently is low,
16 less than 5,000 tons, while the processing for CPUs is
17 high. Now, this is all processing types, so this is both
18 the thrift stores and the demanufacturers, the secondary
19 processors, and their total capacity in the state
20 currently.

21 On page 8, the next page, you'll see what we
22 looked at as the future volume, so the 2006 volume of
23 Ewaste to be processed in the State. You'll note that
24 this chart is primary processing only, so this is the
25 thrift stores that we're talking about currently, and

1 you'll notice quite a range here.

2 As Mary said, we used two projections to give a
3 range of volumes. The high volume in all cases for these
4 thrift stores, the high volume is represented by the
5 historical average calculations. So history tells us on
6 average for the primary processors, the high volume and
7 that the low volume projection is based on the processors'
8 self-reporting.

9 So the processors are telling us is in the future
10 these are the thrift stores, that they're going to process
11 less than history would tell us. We found that to be
12 pretty fascinating and we're going to talk a little bit
13 more about that as we go along.

14 So on the next page, essentially the same idea.
15 We're talking about secondary processors only now, so this
16 is the folks that demanufacture. This is the 2006 Ewaste
17 volume. And there are a couple of interesting things to
18 note about this component of the Ewaste stream.

19 For televisions, you'll notice there's only one
20 volume projection. This is the volume projection that's
21 represented by the processors' self-report. A couple of
22 years ago there was a large secondary processor that
23 entered the television market, and it skewed historical
24 averages and would have skewed a projection based on that.
25 So we felt it most conservative to use only one estimate

1 and it's the self-reported for televisions.

2 The other interesting thing is in the CPUs, this
3 is the only instance where the high volume is represented
4 by the processors self-reported projection, and the low
5 volume is represented by the historical. So in this case
6 only the processors are telling us in 2006 they expect to
7 handle more volume than history would predict.

8 On page 10, we talk about the gap analysis. So
9 this is primary processing only. The bars represent the
10 volume we just talked about. The dotted line represents
11 the capacity, and basically they're put together to show
12 you where the 2006 volume exceeds the current capacity,
13 trying to answer the question does tomorrow's volume fit
14 within today's capacity.

15 You'll see that for both televisions and
16 monitors, the 2006 volume exceeds capacity, so there's
17 excess volume in 2006 above and beyond what the current
18 capacity can handle, but for CPUs the capacity is
19 sufficient. The current capacity is sufficient to handle
20 the future volume.

21 If you turn to page 11, you'll see a similar
22 analysis for secondary processing, so this is the folks
23 that demanufacture goods. Again, the bars represent
24 volume. The dotted line represents capacity laid over
25 that. And again for televisions and monitors, the 2006

1 volume exceeds the current capacity, the current ability
2 of the market to handle it. But for CPUs you'll note the
3 dotted line is way off the chart. Today's capacity is
4 sufficient to meet tomorrow's volume.

5 Finally, we wanted to take a look at the cost of
6 the gap. So in these cases where volume -- 2006 volume
7 does exceed capacity, what's the cost of processing that
8 additional volume. In order to do that, we asked the
9 processors for an average processing cost. We asked
10 thrift stores and demanufacturers what does it cost you to
11 handle these items. And we applied an average processing
12 cost for the different processing types to the excess
13 volume.

14 So this is a table that displays the cost of
15 processing the 2006 volume that exceeds the 2001 capacity.
16 You'll notice off to the right-hand column were
17 televisions and monitors, those were the cases where we
18 had volume exceeding capacity. There is a cost for CPUs.
19 Today's capacity was sufficient to meet tomorrow's volume,
20 so there was no cost associated because there's no
21 additional volume associated.

22 If you add up the far right-hand column, we have
23 a range of \$4.7 million to \$43 million in 2006 dollars to
24 handle that excess volume.

25 Recognizing that there is more to that than just

1 dealing with the excess, but in 2006 you'll be dealing
2 with the entire volume, we were asked to look at the total
3 cost of processing the total 2006 volume.

4 So page 13 is a similar table, but it's the cost
5 of processing the entire 2006 volume. And the far
6 right-hand column, again, totals range from \$122 million
7 to \$200 million. I think the \$200 million is a figure
8 that some of you may have heard in your staff briefing as
9 a figure that is the cost to process the entire 2006
10 volume of televisions, monitors and CPUs.

11 On page 14 we talk about the stockpile that we
12 were asked to look at, so this results from the field pole
13 study. Interestingly the percentage, if you look under
14 the first bullet, the percentage of people who do
15 stockpile who have a monitor or CPU stored and not used in
16 their house is not as great as many had originally or had
17 previously thought.

18 The statistically representative sample found
19 that roughly 18 to 20 percent of Californians have a
20 stockpiled television or computer monitor. So on a
21 percentage basis, it's slower than we anticipated. On a
22 volume basis, the next bullet, it's pretty significant
23 there.

24 We're talking about roughly 74,000 tons of
25 televisions and 48,000 tons of monitors. That translates

1 to about six million total units, so six million
2 televisions and monitors stored in people's garages.

3 And to give you a sense of what that is like and
4 what that's compared to, that's eight to ten times greater
5 than the entire projected volume for 2006 of televisions.
6 So it's pretty significant. And Karen is going to talk to
7 you a little bit more about the impact of that and what it
8 means for your decision making process.

9 So in summary on page 15 you'll see that the
10 future volume of CRTs exceeds current capacity to process
11 them. So for televisions and monitors in 2006, we expect
12 to see a greater volume than the current capacity can
13 handle. In general, processors predict or report a
14 smaller increase in processing volume than history would
15 project.

16 So historical trends say the volume is going to
17 be higher than the processors are telling the volume is
18 going to be in 2006. And that holds in all cases, except
19 for CPUs in the demanufacturing world. Those processors
20 tell us that in 2006 they expect to handle more than
21 history would lead us to believe.

22 And the final bullet tied into that is that some
23 processors told us during our survey that they're deterred
24 from handling the CRTs. So you saw that in the primary
25 processing, the thrift stores in particular, where we saw

1 current capacity being in insufficient to deal with future
2 volume, in part because processors told us we're hesitant
3 to handle these items.

4 So Karen is going to wrap up some of this stuff
5 for you and tell you what these findings mean and how they
6 might impact your decision making process.

7 MS. BLOOMER: Thanks, Tim. Are there any
8 questions so far on what's been reported to you?

9 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

10 BOARD MEMBER JONES: I have a couple of
11 questions. We're talking macro here. We're talking like
12 \$100 million, \$200 million. What is it per unit and
13 what's the cost to a citizen or to a city that has to deal
14 with this stuff in a, you know -- I mean everything here
15 is statewide and projected. Tell me what it costs per
16 unit?

17 MR. LYNCH: So what we did was ask processors to
18 tell us their average processing costs for these items.
19 And we didn't define processing costs for them, so when
20 they reported processing costs to us, they likely included
21 overhead and different items that was sort of their
22 door-to-door costs to get a TV in and to get it out.

23 And we averaged those across processing type. So
24 for primary processors, for televisions the thrift stores
25 on a per ton basis were telling us it was \$2,600 per ton.

1 I think we can probably break it down for you on a per
2 unit basis, if you'd like.

3 BOARD MEMBER JONES: That's okay.

4 MR. LYNCH: For second processing for televisions
5 it was \$1,700 per ton, computer monitors \$1,800 per ton
6 for primary processing, \$1,100 per ton for secondary
7 processing. And for CPUs \$1,500 a ton for primary
8 processing and \$700 a ton for secondary processing.

9 This is included in the report on page 8 in the
10 table of average processing costs, so if you need that to
11 refer to.

12 So having said that, there was a big range. And
13 then for citizens there was also a range of drop-off
14 costs. We didn't survey to find out what those are, but
15 anecdotally, we heard from processors that they were
16 charging anywhere from, you know, in the \$10 to \$15 range
17 and up to \$35, \$40 per unit. Some do it per weight, so we
18 don't have any exact figures on the citizen cost.

19 BOARD MEMBER JONES: And then just one more
20 question and then I'll let you go. The capacity to deal
21 with this, your infrastructure capacity, did you tie it to
22 population areas?

23 I mean, you may have capacity in a place that
24 nobody can get to.

25 MR. LYNCH: That's a great point and I think

1 Karen is going to address that a little bit. So it may be
2 best for Karen to proceed, and then if we haven't answered
3 your question --

4 BOARD MEMBER JONES: Thanks.

5 MS. BLOOMER: Well, Tim left off on the summary
6 findings noting that some processors indicated that they
7 would be deterred from handling CRTs in the future. Now,
8 we know the number of primary processors, the thrift
9 stores and the number of demanufacturers that have
10 indicated they may leave the market, 25 percent of the
11 thrift stores said we may be pulling out, 14.3 percent of
12 the demanufacturers said we're considering leaving the
13 market as well.

14 But ultimately we don't know what that means in
15 terms of the impact on the processing market, if other
16 processor may, in fact, fill that void. So it sounds a
17 bit daunting that there may be this exodus from the
18 market, but, in fact, should other processors fill that
19 void, it may not be as formidable as those numbers sound.

20 What we thought was a critical point along this
21 processing continuum were the secondary processors.
22 They're the final resting place, if you will, of TVs and
23 monitors and CPUs when they've expired their reuse cycle.
24 This is where they get broken down and ultimately the CRTs
25 themselves need to be handled appropriately.

1 So we find this to be an important point on the
2 continuum and could cause a bottleneck if secondary
3 processors ultimately said no, we're not taking your
4 stuff. You can reuse it as much as you like, but we're
5 not taking them. And what we find on the survey was that
6 none of the secondary processors, none of the
7 demanufacturers that indicated they may pull out, but
8 those were large processors.

9 In fact, all the large secondary processors or
10 demanufacturers indicated no intention to leave the
11 Market.

12 What we did find is that the majority of
13 processors that were considering leaving were the primary
14 process, the thrift stores. Tim showed you the trends for
15 primary processors and that their projections were lower
16 than historical trends would predict. The thrift stores
17 are really concerned about the cost of handling TVs and
18 monitors.

19 And they end up being an important piece of this
20 continuum, because even the secondary processors say we're
21 here to take your broken TVs. If people don't have a
22 place to bring them at the local level for reuse and
23 donation, those TV monitors may never get to the secondary
24 processors.

25 So this potential loss of thrift stores in local

1 areas, which gets, I think, a little bit, Board Member
2 Jones, to your concern, if you lose your local thrift
3 store, you lose the local diversion outlet to recycle and
4 divert your TVs and monitors. And so we think that is
5 actually the critical point in this potential breakdown in
6 the processing market.

7 If you see on page 17, what may mitigate that
8 loss is the substitution of now a new local diversion
9 outlet, if there were to be entities that took the place
10 of thrift stores, perhaps local government, increasing
11 their local collection opportunities, curbside pick up,
12 amnesty days. And so on private entities that somehow
13 found this profitable, which at this point is not looking
14 good, given the cost that could substitute for this loss
15 of local diversion, but that's the key area that perhaps
16 the Board could have some influence in in terms of local
17 ways to divert Ewaste.

18 This is a point in time study done from June to
19 November. And as we found in the study, this is a very
20 dynamic market. People are coming in. People are going
21 out. People are responding to the different regulatory
22 clarifications that have gone on, one last year. And we
23 think it's important for the Board to consider monitoring
24 the processing market over time to see if, in fact, these
25 are just blips on the screen, momentary adjustments to

1 changes, whether in the ongoing trend that could
2 accelerate in terms of problems in the market.

3 That's the big take away in terms of what you may
4 want to monitor over time. We just wanted to highlight on
5 the last two pages some things to consider in terms of
6 variables that can affect the processing market, the
7 input, the volume or supply of the Ewaste and the capacity
8 to handle that.

9 On the volume side, sales trends are some
10 indicator of ultimate Ewaste. And we found after talking
11 to a technology research firm that CRT sales and CPU sales
12 are going to remain high through the next five years. So
13 to the extent that they stay strong, though, we can't
14 determine actually those that will come in the Ewaste
15 stream. It does mean Ewaste stream will remain high with
16 CRTs and CPUs beyond the five-year technology trends,
17 which can also impact the volume, whether or not CRTs are,
18 in fact, in the items anymore matters.

19 And what we found is that, in fact, the current
20 trends don't indicate that there will be any change in the
21 number of CRT's in the Ewaste continuum. An example would
22 be flat panel display monitors are coming on to the scene.
23 Their sales are increasing, but according to experts, they
24 are not displacing sales of CRTs yet. They're both
25 growing. Both are being sold at high rates, so in this

1 five-year window, at least, no concerns are based on
2 technology trends.

3 Household behaviors also matter. As you know, 20
4 percent of households currently stockpile. The stockpile
5 will continue to drop into the Ewaste stream over time,
6 and will be represented by Ewaste numbers that we're
7 showing you today, so long as behavior doesn't change.

8 However, should the Board take action or other
9 factors occur that could impact householder's behavior,
10 let's say the Board has an education campaign, people
11 become aware that they can walk out to the curb on
12 Tuesdays and get rid of old TVs, that could significantly
13 deplete the stockpile at some point in time. And that's
14 when it matters, that's when these six million TV
15 computers could become a concern if householder's behavior
16 changes.

17 And then on the capacity side, things could
18 change in terms of the processing market that we think is
19 important for you to monitor. Processors might enter the
20 market. We understand that Atwater Federal Prison is
21 about to start up this processing engine and could be
22 quite a large processor at that, and could help to absorb
23 some of this potential increase in future volume.

24 Secondly, more processors may be identified
25 through reporting requirements. The emergency regulations

1 that were promulgated this August require processors of
2 five or more CRTs to register themselves, to self-report.
3 This may give you a more robust list than even we were
4 able to collect for the purposes of this study, and you
5 may be able to identify and collect more information about
6 the actual capacity of the statewide market.

7 That's it in a nutshell. Are there anymore
8 questions in terms of the big picture of things that you
9 forgot to ask from earlier parts of the presentation?

10 CHAIRPERSON MOULTON-PATTERSON: We have a public
11 speaker, and then I'll turn it back to the Board.

12 Thank you very much. That was very informative.
13 Mike Schmaeling.

14 MR. SCHMAELILNG: Good to see you all again. I
15 hope you had a good night last night.

16 I just want to give you kind of a local
17 perspective, an LEA perspective on this problem. Mr.
18 Jones, in response to your question, in my county they're
19 paying 48 cents a pound for disposal of these as they're
20 being diverted.

21 Last year one of them paid -- a facility that
22 averages 275 tons a day paid \$60,000 for that disposal of
23 those particular things. This really caused a problem for
24 them. This is one of my best operating facilities, and I
25 just gave them a violation for litter, because they have a

1 fixed budget. You know, their budget runs every two
2 years. They have a very fixed budget that they can
3 operate in.

4 They had to divert that money that would have
5 gone for litter picking crews to take care of these CRT
6 problems. They did apply for a grant. They weren't able
7 to get that grant, apparently they weren't high enough in
8 the ranking number.

9 I've also seen an increase of illegal dumps,
10 north Santa Barbara County had some very remote areas.
11 It's fairly close to Bakersfield, Kern County area. And
12 there's a lot of -- you know, you'll see the old dump
13 cars, the side of the river, that stuff.

14 Over the last six months, I've seen a lot of TVs
15 start showing up there also. The citizens in the cities
16 know about the additional cost. So what am I saying? As
17 I sit doing an inspection watching the off-loading of the
18 vehicles, I'm seeing TVs being stuck in the middle of
19 loads, that the load checkers are missing.

20 So this is a problem that we're seeing illegal
21 dumping, people slipping it in through loads, trying to
22 avoid having to pay for it. What's the solution?

23 I think the study was a great start, but I think
24 we also need to respond much quicker. We need to make
25 these grants, large grant funds available out there and

1 make that grant more available to a lot more people.
2 These rural communities aren't going to be able to afford
3 to do a lot of this. I think we need to come up with an
4 immediate response and then a long-term solution, because
5 this is a problem, a serious problem that needs to be
6 dealt with.

7 And then also something that we've talked about
8 at a previous board meeting. With the SWANA operator
9 training, I'd like to see load-checking and storage
10 requirements for CRTs be implemented into that also.

11 Any questions?

12 CHAIRPERSON MOULTON-PATTERSON: Thank you very
13 much.

14 We do have one more speaker, Steve Johnson,
15 Salinas Valley Solid Waste Authority.

16 MR. JOHNSON: Madam Chair, Members of the Board,
17 this is also another perspective locally. And I think
18 when we're using this term "Ewaste", we're really talking
19 about CRTs and monitors. And that's where it gets very
20 confusing for us.

21 We've attempted to establish a rate in the
22 meantime, while your board makes some decisions, of \$15
23 per CRT. And essentially that has gone from covering the
24 expense to covering the expense on some of the moderately
25 sized ones, but when you get an RCA 25-inch console, it

1 costs us more than to get rid of it.

2 So one of our questions is, is this now falling
3 into the category of hazardous materials where we
4 subsidize if from our hazardous materials funding? And if
5 so, how far are we going to go with that?

6 One of the other things that I might caution you
7 to be careful is that thrift stores as an outlet for TVs
8 is going to change significantly as the HDTV, the High
9 Definition TV, comes into being. All those TVs that are
10 in the waste stream now will, in fact, not work in five to
11 ten years. So you're not going to see that necessarily an
12 avenue that is effective as it is right now.

13 The other point I might make clear is that the
14 survey here indicates a household survey. Now, I
15 guarantee you if you go down into two or three rooms in
16 the basement of this building and every other commercial
17 building, you will find a whole bunch of Ewaste.

18 And that goes all the way from CRTs, to monitors,
19 to switch gear, to routers, to cabling. Is that all
20 Ewaste, or are we just talking about CRTs and monitors?
21 That's when it gets confusing for us, because we need to
22 make a determination of what we accept as Ewaste and what
23 we accept as metals and we landfill. So we need to have
24 some direction there.

25 The last issue of concern here is that this is a

1 hazardous material only when the CRT, the cathode ray
2 tube, is broken. However, the issue here is how we store
3 it and transport it. This is not something you can put in
4 a pile near the cardboard and the glass. It has to be
5 stored in a condition where it remains dry, otherwise we
6 all know when our computer gets wet, it doesn't work very
7 well. So that's another condition you need to keep in
8 mind.

9 Any questions?

10 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
11 Johnson.

12 Okay. Any final comments or questions from the
13 Board?

14 Mr. Paparian.

15 BOARD MEMBER PAPARIAN: Thank you, Madam Chair.
16 There is a lot happening in this area. And first of all,
17 I wanted to thank the consultants, Mary, Tim and Karen.
18 They really did a remarkable job putting together this
19 study for what we were able to pay them for it, you know,
20 to really do a survey of 600 processors, to really analyze
21 that information, buy some questions on a field poll to
22 get a sense of what's happening with the public in terms
23 of storage of these materials, and then to analyze and
24 dissect that information, get us the cost information, I
25 think was remarkable. And I wanted to really thank you

1 and I am sure I do so on behalf of the whole Board for a
2 great product.

3 Where we go from here, we spoke a little bit
4 about that at last week's briefing, but there is a lot
5 going on. And obviously there's a lot of interest from
6 the local officials around the State about how we're going
7 to deal with this issue over time. And I know that we
8 heard that Senator Romero now is interested in Ewaste in
9 addition to her landfill work and that she's going to be
10 holding an Ewaste hearing some time in January.

11 But in terms of what the Board does, we do have
12 some product stewardship efforts going on. We have some
13 money set aside for product stewardship support, which
14 includes, I believe, helping address some of the local
15 concerns. So I know that staff will be working on that.

16 I reported last week on the NEPSI work, the
17 national work with other states and with the electronics
18 industry in terms of trying to reach some agreements on
19 who ought to pay for dealing with the problems with
20 Ewaste.

21 As we go forward in the future, I think we're
22 going to have to think creatively about what we can do to
23 address this problem. I think the study pointed out that
24 even if you don't have the six million units that are
25 sitting in storage in people's garages and attics, Even if

1 you don't have those hit the waste stream all at once,
2 we're facing a cost of up to \$200 million to deal with
3 this material in the year 2006. I think we're going to
4 have to think very carefully about how we're going to
5 assure that, as a society, we're able to absorb those
6 costs and absorb them in an equitable way.

7 Some of the things we might be able to look at
8 from our board perspective, I wouldn't be surprised if we
9 get some proposals through the RMDZ program or through
10 some of our other grant programs, to help build the
11 infrastructure to deal with this material.

12 The working group is doing a great job, and
13 perhaps we should periodically hear, either through Mark
14 or directly from the working group about the progress on
15 this issue, the types of concerns that are coming up from
16 local communities and what additional potential actions
17 that we can take as a board.

18 So anyway, I want to thank, again, the MGT folks.
19 You guys did a great job, and I really appreciate your
20 efforts and I'm sure the whole Board does, too.

21 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
22 Paparian, and we'll look forward to you keeping us
23 updated. And thank you very much, it was very good
24 information.

25 Mr. Eaton.

1 BOARD MEMBER EATON: I just have one comment with
2 regard to the particular problem at hand. So often we
3 don't understand or we're unable to, as a society, foresee
4 problems on the horizon. This is one where we do foresee,
5 when we get involved in issues such as burn dumps,
6 hazardous waste sites, toxic waste sites, you know, all of
7 us have either deferred all the way up the chain of
8 government from the local to the State to the federal
9 because the problems become too large and too big to
10 handle.

11 This is one where we actually do see a problem on
12 the horizon and I would think that one of the solutions is
13 to be working with the local governments as they
14 renegotiate or as they do renew their franchise
15 agreements. It's unfortunate, but that is a service. And
16 if you recognize that it is going to be a problem, we can
17 help solve the problem with state participation, but it
18 also has to have some local participation, and that
19 doesn't fall on the hauler or whatever, but we don't all
20 have to pay an additional service fee, but if we know that
21 there is a problem with a particular type of waste, that
22 can be built in and amortized over the rate structure.

23 And Mr. Jones probably knows that better than
24 most people over 15 or 20 years, because we do have a
25 problem. So that would be a good thing to start beginning

1 right now. And a lot of these franchise agreements do
2 start, and perhaps one or two percent increase in the
3 local fees along with what monies we might be able to
4 provide from our treasury, might actually be able to meet
5 some of the supply and demand issues that have been
6 represented.

7 Obviously, it's a political issue because no one
8 likes to raise fees, but we, as a State, are also in a
9 very precarious position. So I think as we look through
10 and work with local governments and what have you on this
11 issue, one of the things is what rate structures are they
12 doing to help with the problem as well.

13 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
14 Eaton.

15 Okay, we will go to item number 23.

16 BOARD MEMBER ROBERTI: Madam Chair.

17 CHAIRPERSON MOULTON-PATTERSON: Senator Roberti.

18 BOARD MEMBER ROBERTI: Before we do so, I
19 remembered two more ex partes. I spoke with Lindsay Smith
20 of Rubber Sidewalks, and I spoke to Mr. Paul Horcher of --
21 I don't know what his exact title is, the Waste Department
22 of the City of San Francisco.

23 CHAIRPERSON MOULTON-PATTERSON: Thank you,
24 Senator.

25 EXECUTIVE DIRECTOR LEARY: Madam Chair, before we

1 jump into the tire item, I'd like to make one quick
2 comment, kind of a compliment and kind of a way of
3 informing you all.

4 As I mentioned yesterday, the shortage of
5 resources is impacting some of our programs. And I want
6 to point out that in the tire program we have yet to
7 receive one new resource, one new staff person. And as
8 Board Member Eaton pointed out yesterday, we have
9 justification to move forward aggressively to fill those
10 positions and we will do so.

11 But I'd like to compliment Martha and the staff
12 on the tire branch program in trying to get this five year
13 plan off the ground aggressively with a great attitude and
14 great resilience without the addition of new staff.

15 As you all recall, we developed our five-year
16 plan, with the expectation that we would get a significant
17 number of new people to work on that program. That has
18 yet to happen. We're going to try to make that happen,
19 but in the mean time we're pushing forward as quickly as
20 we can and as aggressive as we can given the shortage of
21 resources.

22 So I just wanted to make a quick comment, that I
23 think Martha and her staff are making a lot happen with
24 very limited help.

25 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.

1 Leary and thank you Ms. Gildart, we really appreciate all
2 your efforts.

3 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

4 Thank you. Martha Gildart with the Special Waste
5 Division.

6 Item 23 is Consideration of Approval of Proposed
7 Revised Scoring Criteria and Evaluation Processes for
8 Fiscal Year 2001/2002 Tire Product Commercialization Grant
9 Program.

10 This item is brought for your consideration in
11 response to Board direction in November when the decision
12 was made to send back the applications that had been
13 received and scored at that time, and to bring new
14 criteria to the Board to start a new cycle.

15 A little bit of background. This is actually the
16 third offering of this grant. The first cycle offered in
17 1998/99 fiscal year included the consideration that the
18 funds be made available to processes that could consume or
19 recycle a large number of waste tires. And the number
20 that's been used the last couple of cycles and that staff
21 is proposing once again for this cycle is a minimum of
22 250,000 additional tires to be recycled or consumed each
23 year.

24 The Board had allocated, as part of its five-year
25 plan process, that Mark referred to, \$2 million to fund

1 this program. And it specified the molded rubber products
2 are a priority for this grant cycle.

3 The Board had identified the need to support
4 molded rubber back in its AB 117 report. This was a
5 report that was published in June of '99 at the direction
6 of Assembly Bill 117 And Escutia for the Board to evaluate
7 its waste tire program, and to develop recommendations for
8 improvement.

9 These recommendations became the basis for Senate
10 Bill 876. On page 41 of that report in a section
11 addressing market development, recommendation number 5
12 states, "That the Board should continue to modestly fund
13 loans and grants to specific projects and to monitor the
14 development of molded rubber products."

15 This is based on the recognition that molded
16 rubber products do not consume large numbers of waste
17 tires at this time. However, the potential exists for
18 developing a significant end-use market for a multitude of
19 products, and should be nurtured.

20 At the time the AB 117 report was developed,
21 molded rubber was estimated as consuming between one and
22 two million tires a year with a potential to roughly
23 double.

24 The concern, at this time, is that the existing
25 market cannot absorb the nearly ten million tires still

1 being disposed in California's landfills, and that a
2 diversity of markets will provide the greatest benefit to
3 California tire recyclers.

4 To accomplish the diverse goals of the Board, the
5 staff has recommended that a range of points be made
6 available on the new criterion. On page 23-3 of your
7 packet, criterion number 8 is the one staff is
8 recommending to try to support the molded rubber industry,
9 but still allow other recyclers some access to funds.

10 Staff is proposing that 15 points be awarded for
11 the production of a molded rubber product; ten points be
12 awarded for a proposal that would produce crumb rubber or
13 devulcanized rubber. This is based on the assumption that
14 to make a molded rubber product requires crumb rubber as
15 feedstock.

16 However, crumb rubber might also be used for
17 something like rubberized asphalt concrete. A further
18 five points is available for an operation that produces
19 shredded tires. Now, once again, the shredded tires
20 necessary is the first step to producing crumb.

21 However, shredded tires can also be used in other
22 applications, such as civil engineering, alternative daily
23 cover or fuel use. And then any other proposal that had a
24 different use would receive zero points under that
25 criterion.

1 Criterion 9 is to provide evidence of a market to
2 absorb these products. It's not just enough to say, you
3 know, if I put in this piece of equipment, I can produce X
4 million tiles. They need to show there's a demand to
5 purchase those tiles.

6 And then criterion 10 is that the product
7 demonstrates an innovative use of waste tires. We do want
8 to try and encourage people to expand beyond what is being
9 done.

10 On page 23-5, there is a proposed time line. And
11 I want to point out that this is going to be a much
12 shorter time line than the one -- the first aborted cycle
13 provided. If the Board approves the criterion and directs
14 staff to move forward, we will send out the notice of
15 funds available on Monday, December 17th; the applications
16 will be posted on the web and mailed to anyone who
17 requests one; and there will be a question and answer
18 period. Applications are proposed to be due on February
19 8th with the idea that the award will come before the
20 Board at its April 16th meeting.

21 At the Board briefing, there was some question as
22 to whether or not we could increase or shorten that time
23 line. The difficulty comes from the fact that the Board's
24 March meeting is a very early one, March 13th. The best
25 that we could do by cranking down, taking a couple of

1 weeks out of the application period, the time that the
2 applicants have to actually write or fill out an
3 application, and a week out of the staff review, would
4 bring us to a March 26th special meeting of the Board.

5 If we try and move it up the two weeks to the
6 currently scheduled board meeting, it just really makes it
7 hard for everyone to fill out a decent application that's
8 considered and balanced and has the information that we
9 would need to evaluate its likelihood of success.

10 I do want to point out that staff has received
11 many inquires from industry on this issue, both from the
12 molded rubber products producers and from other tire
13 recyclers.

14 The comments have ranged from concerns on the
15 actual point distribution and whether we need to emphasize
16 more the size of the project, whether they have monies
17 above and beyond the match required to the actual proposed
18 time line. We're already getting concerns that it won't
19 fit in with their fiscal needs. And, in addition, we've
20 received several requests that the Board actually consider
21 funding some or all of the applications that had been
22 received and were returned at the November action.

23 So at this time, I'm willing to take any
24 questions. I know there are several people in the
25 audience who wish to speak to this item.

1 CHAIRPERSON MOULTON-PATTERSON: Senator Roberti.

2 BOARD MEMBER ROBERTI: Yes, Both Ms. Gildart and
3 our counsel, I personally probably would have no objection
4 to funding the grants that would have been awarded per
5 staff recommendation at our last meeting for those grants
6 that were specifically in the area of molded rubber
7 products.

8 However, I don't know what the legalities are of
9 that issue. But my reasoning would be that the whole idea
10 of the delay was to promote molded rubber products
11 rubberized -- whatever is rubberized molded products. And
12 a delay could actually act contrary to what the Board's
13 stated wishes were, simply because some companies may be
14 concerned that their private technology would become known
15 in a longer frame of time, that financiers are not up to
16 date with the esoteric of this board, but rather just want
17 to know if somebody is up and ready to go as far as their
18 financing is concerned.

19 And that a delay, therefore, would act contrary
20 to what our stated purpose was. Further more, our five
21 year plan indicates a preference for molded rubberized
22 products. And that is a position which the Board has
23 taken, so it is not something that we are arbitrarily
24 coming up with, and, in fact, was the reason why there was
25 a delay last month.

1 So I don't think -- I guess I'm talking to both
2 Ms. Gildart and to counsel, that this could be perceived
3 as something that is arbitrary, but rather is consistent
4 with our desire to promote molded rubberized products and
5 at the same time not penalize those businesses, which in
6 every way were consistent with what our stated notice was
7 that did go out and what the stated purpose of the Board
8 happens to be.

9 The idea of the delay is not to defeat the reason
10 of why we had the delay. So having made my little
11 presentation, I want to know what the legalities of all
12 this are.

13 CHAIRPERSON MOULTON-PATTERSON: Ms. Eaton wanted
14 to speak.

15 BOARD MEMBER EATON: I think, Senator, I
16 understand your point. I think if we're going to go into
17 that kind of discussion that because some of that
18 discussion did involve a closed session, that I would
19 request a closed session.

20 Also, and in addition to the notice requirements
21 by which today brings us here, this item deals with the
22 scoring criteria, so I'm going to be very careful to keep
23 it just to the scoring criteria, and I'm happy to go
24 through it, because I think it is important, some issues
25 that come up in the legality that we do that in a closed

1 session, since the potential is there, given what we did
2 the last time.

3 So we could do that, Madam Chair, if that needs
4 to be the case, it would be so. But I'd like to get to
5 the scoring criteria, because I do have a couple of
6 questions on the scoring criteria that I'd like to get
7 straightened out first.

8 CHAIRPERSON MOULTON-PATTERSON: Okay, but as soon
9 as you straighten those out, then I'd like to have a short
10 closed session and room 7 is available for us.

11 BOARD MEMBER JONES: Madam Chair. Mr. Eaton, are
12 you going to bring yours up now.

13 BOARD MEMBER EATON: The scoring criteria, yeah,
14 if I could.

15 Is scoring criteria number 9 a new criteria?

16 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
17 No, it's not new.

18 BOARD MEMBER EATON: I mean, from which the old
19 grants were considered in the old previous scoring?

20 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
21 We merely changed the points available. I think in the
22 first round, it would have been 20 points, and that to
23 incorporate new criteria we dropped it to 10.

24 BOARD MEMBER EATON: You know, the question that
25 I'm trying to get at here is because there is a diversity

1 of markets, and a diversity of demands to remove the
2 tires, what I'm worried about when we start changing
3 things, and I don't have a problem with it, is are we
4 excluding individuals and putting together sort of the
5 whole idea of crumb versus another sector?

6 But what you're saying is that by reducing it
7 from 20 to 10, I guess criteria 9, actually what we would
8 be doing would be lessening the fact that there might be a
9 priority of 1, 2, 3 that 3 would jump ahead to 1. And so
10 it's not being like back door where we're trying to move
11 one ahead of the other.

12 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I
13 think that would be one of the effects is, you know, a
14 slightly less certain market for a product could still
15 come through the storing process and be recommended for
16 award.

17 Obviously, if they had absolutely zero, it might
18 be a problem. But if their markets were a little less
19 certain, they'd only lose ten points instead of the 20
20 points that would have been lost before.

21 BOARD MEMBER EATON: Okay, thank you.

22 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones and
23 then Mr. Paparian, and Senator Roberti.

24 BOARD MEMBER JONES: Thanks, Madam Chair.

25 Did you see the letter -- I think all the Board

1 members got the letter from Murray Quance from BAS
2 Recycling. He had some issues with points on no funding
3 in the last couple of years that I guess got taken out and
4 some other things that -- you saw this letter?

5 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

6 Yes.

7 BOARD MEMBER JONES: What's your thoughts as far
8 as an advantage or disadvantage on including this or
9 adding some points for the matching contribution and the
10 funding in the last three years.

11 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

12 Obviously, if the Board wishes, we can put these criterion
13 in. The matching contribution we thought was less
14 important at this time in that some of the molded rubber
15 product producers, because it's such a new or, you know,
16 immature market, might have less funding available, and
17 might have been hurt by that One.

18 On the other hand, it's probably advantageous to
19 existing recyclers who have fairly strong markets and
20 have, you know, some funds that they could put into the
21 product.

22 Since we were trying to focus on the molded
23 rubber, we had dropped that one, but it could be added.

24 BOARD MEMBER JONES: Did you and legal ever get
25 together on the issue of payment and, you know, when is an

1 invoice an invoice purchase order, those types of things
2 that are at the center of a lot of the proposers' issues
3 because they may be ready to either -- they may want to
4 know when they can order equipment or if they have and
5 what the deal is.

6 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

7 We talked briefly about this and with admin, too.
8 Typically, what we look at is the invoice date, when that
9 payment was made. I know there had been an issue that an
10 individual had a commitment to purchase, but if they held
11 off on the actual purchase until after the award of grant
12 that's what they were asking if that would be accepted.

13 We've always looked at the invoice date. Now,
14 if --

15 BOARD MEMBER JONES: Define that for me, Martha.
16 I'm not an engineer. Tell me if invoice date means the
17 date the PO was issued by the proposer or the day the bill
18 came in total to pay.

19 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

20 The pay. When they write a check for it --

21 BOARD MEMBER JONES: What if they have to pay a
22 deposit at the time of the purchase order, but it's only a
23 piece of what the ultimate final bill will be?

24 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

25 The deposit would not count if that date was before the

1 start work notice on the grant.

2 BOARD MEMBER JONES: They wouldn't be penalized
3 for putting in that deposit?

4 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
5 It wouldn't hurt them, but they wouldn't be able to claim
6 in under the grant payment. They'd have the remainder of
7 the bill.

8 You know, if they're ordering a \$100,000 piece of
9 equipment And they put down a \$10,000 deposit, then they
10 could claim the \$90,000 paid after the start work notice.

11 BOARD MEMBER JONES: Okay.

12 CHAIRPERSON MOULTON-PATTERSON: Mr. Paparian and
13 then Senator Roberti.

14 BOARD MEMBER PAPARIAN: Thank you, Madam Chair.

15 I just wanted to provide a little perspective on
16 why, from my point of view, we're here today talking about
17 this. If you look at the amount of money that we're going
18 to spend from the tire program over the next five years
19 for research and development and product
20 commercialization, it's about \$50 million probably closer
21 to \$52 million according to my calculations.

22 Now, you can make some assumptions about exactly
23 how that money is going to be spent, but I look through
24 it, and I come up with, you know, somewhere in the
25 neighborhood of a little over \$2 million for source

1 reduction activities, about maybe \$30 million, \$35 million
2 on recycling activities and about \$15 million to \$18
3 million on activities related to transformation,
4 essentially, incineration of tires.

5 The reason I broke it down in those ways is
6 that's the hierarchy that's supposed to -- that we're
7 supposed to be operating under, source reduction our
8 highest priority, followed by recycling and composting,
9 composting doesn't apply in this case, so recycling of
10 tires, followed lastly by transformation and land
11 disposal.

12 In the five-year tire plan, these product
13 commercialization grants are part of the recycling
14 activities that we expected to happen for spending our
15 money related to tires. In fact, when I look at the
16 five-year tire plan, there are ten activities listed under
17 recycling programs to be funded, product commercialization
18 being one of them.

19 And in the product commercialization description,
20 it does talk about the that these grants will be aimed
21 primarily towards developing molded rubber products. It
22 was based on that I, in fact, was the maker of the motion
23 back in April to put together the scoring criteria that
24 have now become so controversial.

25 Back in April we were told that this money was

1 going to be used for commercializing products manufactured
2 from tire derived products or tired derived materials. So
3 I was operating on the assumption from the five-year tire
4 plan, and from the background we were given in April that
5 this pot of money was for products that a person or a
6 locality could go and purchase, that would essentially be
7 recycling of the tire materials.

8 And, in fact, as I said before, in the five-year
9 tire plan, this program is listed under the recycling
10 programs. Essentially, the five-year tire plan has been
11 rewritten through this grant process. And I think that's
12 what we got to last month was that we saw some proposals
13 suggested for funding that were not strictly recycling.

14 And staff's recommendation to us is to fund
15 those. They believe they're important projects. And I've
16 heard that they believe there are not enough molded rubber
17 projects out there to really absorb the \$2 million a year
18 over five years.

19 So through this process and through this new
20 scoring criteria before us today, we're, in my view,
21 rewriting a portion of the five-year plan. And to me it's
22 important to do that right.

23 I know that it's created some very serious
24 difficulties for some of the applicants who are operating
25 in completely good faith, all through process and somehow

1 got caught up on this.

2 I don't entirely blame the staff for this. I
3 think it was a series of steps without really, you know,
4 anything sinister in mind. But when I step back from it
5 and I look what happened in the history of this, I find
6 that, again, the five-year tire plan has essentially been
7 rewritten without explicitly saying so.

8 So, Madam Chair, I just wanted to provide that
9 commentary and perspective. I'm comfortable with
10 proceeding with the rewritten scoring criteria with the
11 full knowledge and understanding now that some of the
12 money will be used or likely will be used depending on the
13 success of the applicants. Some of the money will likely
14 be used for cogeneration and other burning of tire related
15 activities, with the understanding that that essentially
16 is different than what I believe was intended in the
17 original adoption of the five-year plan.

18 But at the same time, I think with the clarified
19 criteria, molded rubber products -- over the next five
20 years with the \$10 million in funding coming, molded
21 rubber products will fair better over the coming five
22 years and will be able to put the type of emphasis on
23 molded rubber products that I think was intended in the
24 five-year plan originally.

25 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.

1 Paparian.

2 Senator Roberti, did you wish to speak before we
3 take our closed session?

4 BOARD MEMBER ROBERTI: Yes. I'd like to add one
5 More item. And that is in the scoring criteria, we
6 allowed for five points for tire shreds. I don't have a
7 problem with that. I could have a problem, however, if
8 the tire shreds were -- that that point criteria was used
9 for tire shreds was used in ADC.

10 I'm not about to seek a total revision of our
11 Board's actions towards ADC, but I don't see why we should
12 give points for grants to it either. So just sort of put
13 my own position up forward, and hopefully the Board might
14 agree, that the five points not be granted to tire shreds
15 if those are for ADC projects.

16 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
17 The difficulty with that is if the application is
18 requesting funding to purchase a shredder and they
19 identify that their primary market is going to be civil
20 engineering, there's no way we can stop them from selling
21 those shreds a year or two down the line to other
22 applications. It would be hard for us to know, you know,
23 what their future markets are and tell them never to --

24 BOARD MEMBER ROBERTI: Could you, off the top of
25 your head, sort of -- what would be the percentage that

1 would be ADC -- for equipment such as this, and what
2 percentage of tires shreds are --

3 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I
4 believe there's only two or three landfills using shredded
5 tires as ADC. I don't know really the percentage. I
6 think it's only a couple million tires a year. We could
7 try and look into that number.

8 BOARD MEMBER ROBERTI: I appreciate your comment.
9 That would be very difficult for us to have to discern.

10 Thank you.

11 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones and
12 then Mr. Eaton and then we will break.

13 BOARD MEMBER JONES: Just real quickly, it's good
14 that this is a diverse board and has six members. But
15 because I don't think we're rewriting the five-year plan.
16 I worked on AB 117 and the five-year plan, and we've got
17 34 million tires in the waste stream, and we know that
18 they're going to go to a lot of different places.

19 And I think that it's -- you know, I mean I think
20 that we have an integrated system, that molded rubber
21 products can take the entire waste stream. When we talk
22 about a shredder that's in the marketplace to provide
23 engineered filled, those types of things, that's real
24 recycling.

25 And if there's contaminated tires or tires that

1 aren't appropriate for that, they may go to ADC. It's
2 similar to what you do with green waste. I mean, some of
3 them might go to fuel, some of them may go to compost,
4 some of them may go to ADC. It depends on the quality.

5 So I think it's hard, Senator, for them to
6 quantify what percentage could go to ADC, because it may
7 be --

8 BOARD MEMBER ROBERTI: Ms. Gildart quite
9 effectively made that point, and I do change my mind,
10 unlike you, Mr. Jones, but --

11 BOARD MEMBER JONES: I do change my mind.

12 (Laughter.)

13 BOARD MEMBER JONES: I do change my mind, but I'm
14 also willing to live by what I do. And unfortunately I
15 made the motion twice and there was no second.

16 CHAIRPERSON MOULTON-PATTERSON: Mr. Eaton.

17 BOARD MEMBER EATON: I have just a question. In
18 addition to the criteria, because I thought I heard sort
19 of like this little minnow that was at the end of a hook
20 thrown out there to the Board. In addition to the
21 criteria that we are being asked to consider and perhaps
22 adopt today, was there also, sort of, a search that if the
23 Board were to approve a criteria today, we would also be
24 adopting the proposed time line as laid out on page 23.5?

25 But as a caveat, that if the Board felt they

1 wanted to increase -- or I should say shorten the time
2 line that would require a board, sort of, adopting the
3 position or that we would have a special Board meeting at
4 a later time in March, which would then afford us the time
5 to shorten the timeframe by some almost 30 days, but that
6 was the second part of it -- I know that -- is that what I
7 heard as kind of a little minnow that was out there for --

8 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

9 There had been a question at the briefing as to whether it
10 would be possible to bring these grants back any sooner.
11 And I do have, if you're interested, a draft where we're
12 trying to figure out where we could tighten up, you know,
13 different activities. And it really gets very, very
14 tight.

15 You know, there are all sorts of things to
16 consider. For instance, if we require the applications to
17 be due February 8th, that's by postmark date, with the way
18 the mails have been going these last several months those
19 things trickle in over a whole week. You know, you can no
20 longer say well we'll get them all in within three days
21 and we can start our review. Some of these things are
22 sometimes just beyond our control.

23 BOARD MEMBER EATON: I just wanted to see if
24 there was an objective decision we had to make.

25 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

1 If you wish to increase the time line, what staff is
2 recommending is that we not try to aim for the March 13th
3 board meeting. It just would not be fair to the
4 applicants, and rather we have a special meeting around
5 the 26th. That was the recommendation.

6 BOARD MEMBER EATON: I'm sure we can do that.

7 We're going to be taking a short break and then
8 the Board will be going into closed session in room 7.

9 (Thereupon a brief recess was taken.)

10 CHAIRPERSON MOULTON-PATTERSON: I'd like to call
11 the meeting back to order.

12 We've decided to take the public comments before
13 we do our closed session. And we have a number of them so
14 I'd ask that you be brief if possible. And we'll start
15 with Mark Korte with Tri-C Manufacturing.

16 MR. KORTE: Good morning, Madam Chairwoman and
17 Members of the Board. Thank you for the opportunity of
18 addressing this noncontentious issue.

19 I'd like to talk about Item 9. And I know the
20 points were reduced from 20 to 10. But I guess I'd like
21 to suggest that if the purpose of that is to find out if
22 the funds that the Board has delegated, whatever they may
23 be, are still working toward the consumers of the State of
24 California. A year from now or two years from now, maybe
25 there's a different way of approaching it.

1 Perhaps, we should take a look at the credit
2 worthiness of the people that are applying for the grant.
3 Are they funding the matching part of it out of Aunt
4 Martha's sock drawer and that's going to be the limits of
5 their resource or are they able to go to the bank and
6 say -- have the bank write a letter saying that these
7 people are good for a million dollars or whatever is
8 required for them to maintain staying in the business?

9 One of the things when you deal with markets is
10 the market is developing. I think the study was 117 and
11 was talking about an expanding market. When you've got an
12 expanding market, you've got people pulling at you, you've
13 got people pushing it, but it's not entirely in place.

14 To have an item that says, okay, that market has
15 got to be in place is unfair to what I think you're trying
16 to accomplish.

17 If somebody has -- if a company has a financial
18 wherewithal to go to a bank and the bank says okay, these
19 people are eligible for X number of dollars through our
20 institution, it's a pretty good indicator that, in fact,
21 they are going to be around and be doing the type of work
22 that you hope to accomplish through these grants.

23 CHAIRPERSON MOULTON-PATTERSON: Thank you.

24 Bruce Robeck, California Tire Recyclers.

25 MR. ROBECK: Hi. I'm Bruce Robeck with the

1 California Tire Recyclers. I'd first of all, like to
2 reinforce what Mark said in terms of the financial
3 wherewithal of the grantees, particularly when you drop
4 the amount of matching money down to 50 percent of the
5 grant. You want to make sure that they have the fiscal
6 resources to actually accomplish what they have in the
7 proposal. So some minimum statement about financial
8 qualifications, I think, would be important.

9 I think it's as also important to recognize that
10 machinery doesn't necessarily stay in the same locale. It
11 could be moved. And that since the goal is to maintain --
12 is to provide this for California tires and products, you
13 don't want it moving out of state. There should be some
14 mention made that the machinery must operate in California
15 for three years or some reasonable period of time.

16 And finally, I think it's important that you have
17 applicants for the grant demonstrate experience in the
18 field, so that you have some confidence that they can
19 actually produce what they propose. That's not explicitly
20 stated in the criteria now.

21 CHAIRPERSON MOULTON-PATTERSON: Thank you very
22 much.

23 George Larson, Lakin Tire.

24 MR. LARSON: Madam Chair and members, George
25 Larson representing Lakin Tire. I have two requests that

1 I'd like for consideration by the Board today.

2 One is I would like to request reconsideration of
3 the action taken at the November 13th/14th board meeting.
4 I know you cannot take that action today, but I would
5 request that at some future meeting that reconsideration
6 be taken.

7 It's based upon several points I'd like to make
8 and I'll be as brief as I can. The guidelines issued in
9 April of 2001 resigned to attract a wide array of
10 commercialization proposals that could divert more than
11 250,000 tires. And to my recollection, correct me if I'm
12 wrong, the diversion of 250,000 was the only specific
13 criteria outlined in the initial notice of funds
14 available.

15 I'd like to address a point that Senator Roberti
16 made. You, I believe, toured our facility in Santa Fe
17 Springs. And, at that time, we were considering a molded
18 rubber product. And we elected not to do that, because
19 we're going into another product engineered fill and ADC
20 that would increase the number of tires that we're able to
21 divert. And that was the basis for our decision. And
22 that if we had known it was molded rubber products as our
23 focus, of course, I believe we would have pursued a
24 different course.

25 I note, too, that the process we proposed was one

1 endorsed by your consultant under contract, Dr. Dana
2 Humphries, and we included a letter to that effect in our
3 grant.

4 No guidance was given by the Board in the interim
5 between April and November, which would have changed the
6 initial guidance that was given in the original NOFA. And
7 we did proceed on a good faith effort to comply with what
8 the Board was looking for.

9 Importantly, the diversion of waste tires that
10 would be accomplished through the grant applications that
11 were considered in November will now not be diverted, and,
12 in our case, we targeted one million tires for diversion
13 through our process.

14 Six of ten of the grant applications that were
15 considered in November did include processes that
16 contributed to the production of molded rubber products,
17 that is arguably a priority.

18 Finally, on the first request, I think it's a
19 matter of fairness to reconsider this issue.

20 Secondly, I'd request at some future date that
21 the Board reconsider and revise the five-year plan to
22 expand the scope of activities beyond molded rubber
23 products that would allow for additional commercialization
24 type processes to be considered for this grant funding.

25 Thank you.

1 CHAIRPERSON MOULTON-PATTERSON: Thank you.

2 Randall Ward, Cogeneration Ash Council.

3 MR. WARD: Good Morning, Madam Chair and Members.

4 Thank you for the opportunity to speak before you today.

5 I represent the Cogeneration Ash Council, which are six
6 coal, petroleum and tire derived fuel fired cogen plants
7 in the San Joaquin valley.

8 I think many of you have had a chance to tour the
9 Stockton facility, and seen the clean characteristics of
10 that facility. I think the emissions equate to something
11 in the vicinity of two passenger cars per year.

12 Also, there's significant beneficial use of the
13 ash that's being used, soil enhancements, and also, most
14 recently, as in dairy farms as pads, the ash actually gels
15 and forms a hard material that can be graded to deal with
16 all the kinds of problems on a dairy farm from effluent.

17 Our council has two of its members that were
18 successful recipients, at least per the staff
19 recommendation, for the grants. But I am here before you
20 today representing the council saying that we're willing
21 to support any action this Board takes.

22 There was a concern on the part of our council
23 that the action of last month was an action that really
24 was indicating that there was now a policy that was
25 against the use of tire derived fuel. And I've talked to

1 members and staff, and I understand that that wasn't the
2 case, so I'm clearly satisfied and delighted that that
3 isn't the case.

4 As most of you know the cogen plants have been
5 encouraged to further the use of tire derived fuel and
6 significant monies were spent by the Board doing air
7 quality testing, so that the joint San Joaquin Unified Air
8 Quality Management District was very confident that these
9 plants could operate within the conditions of their
10 permits and burn TDF.

11 The plants are also part of California's diverse
12 energy mix, which obviously make us less vulnerable to
13 supply disruptions, which is certainly an important
14 characteristic of our energy policy, and certainly has an
15 interrelationship to other agencies in that regard.

16 And certainly it's a major goal of this board to
17 reduce the overall number of tires. And I think as these
18 plants, one is currently burning TDF, the others are in
19 various stages attempting to burn TDF, that they would
20 make a major dent in the used tire population in
21 California.

22 One suggestion, however, that I might make is I
23 don't want to get into a lot of detail on the points and
24 the criteria for evaluation. I'm sure that all of you
25 have thoughts and ideas and staff has thoughts and ideas

1 and you've got numbers before you. But I would be
2 particularly concerned about trying to force feed a point
3 total. I clearly recognize the plan indicates there is a
4 priority for molded rubber, and our council has no problem
5 with that.

6 But you obviously don't want flees on the dog.
7 You want projects that have a sustainable market and that
8 are technologically feasible, and that aren't going to
9 cause ultimate embarrassment, because the projects have
10 failed. And that's not saying that you shouldn't be
11 taking some risks and pushing the envelopes.

12 But I think that you should take a very, very
13 hard look at the technological feasibility within the
14 context of awarding a priority point total to one
15 technology over another.

16 With that, I'll conclude my remarks and thank you
17 very much.

18 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
19 Ward.

20 Lindsay Smith representing Rubberside Walks Inc.

21 MS. SMITH: Good morning. Thank you for letting
22 me be part of this process. This is very exciting. This
23 is the first time I've ever done this, and I'm a little in
24 awe.

25 I am simply one of the companies that is here to

1 be nurtured by the Board. I make molded product. You can
2 come and walk on it in Cerritos, Los Angeles, Irvine,
3 Thousands Oaks, Glendale, and you can walk on a lot of it
4 in Santa Monica.

5 It's two and a half square feet and every square
6 foot uses up almost nine pounds of rubber. But it's hard
7 to make. It takes a lot of time to make it. And with
8 only one mould and one press, we can't bring down the
9 price. We have dozens of customers waiting for us and
10 waiting for more product. UC Santa Barbara wants to pave
11 their campus with it. But they all want a bigger paver
12 and they want a lower price, which we can effectively do
13 with the support of grant money.

14 Start-up companies, we have investors, we have a
15 great deal of support, but as you know all start-up
16 companies are fragile. Eighty percent of them fail, which
17 is why this grant program being awarded is so significant
18 to my company.

19 I beseech you to take whatever means are needed
20 and work within your context to pass, approve the
21 resolution that was offered, which includes my company, so
22 that I can get awarded as quickly as possible. Every day
23 that goes by is costing me credibility, customers,
24 potential investigators. Every day is important, and I
25 implore you to do that in whatever way possible.

1 Thank you.

2 CHAIRPERSON MOULTON-PATTERSON: Thank you, Ms.
3 Smith.

4 Any questions, comments before we go into the
5 closed session?

6 Board will go into closed --

7 MR. QUANCE: I signed up on the sheet.

8 CHAIRPERSON MOULTON-PATTERSON: Okay, come on up.
9 I don't have it.

10 MR. QUANCE: It was a long sheet on the left that
11 I thought was it.

12 CHAIRPERSON MOULTON-PATTERSON: Oh, okay.

13 MR. QUANCE: I apologize.

14 CHAIRPERSON MOULTON-PATTERSON: That's okay.
15 Your name for the record, please.

16 MR. QUANCE: I'm Murray Quance with BAS
17 Recycling. Madam Chair and Board Members, thank you for
18 the opportunity to share my thoughts on the process.

19 Just to make a couple of comments on the point
20 count. What I feel is that maybe there is something that
21 says the point count needs to be 100 points. And I think
22 if that's the case, I don't see why that has to be just a
23 finite end item. I think evidence of market potential,
24 although, maybe not directly molded products related, we
25 do have a lot going to landfill that I think -- I don't

1 see why we'd want to walk away from that.

2 The matching contribution has been addressed
3 earlier. Again, I do think you want to be putting your
4 money on somebody that's got a viable operation. And no
5 funding in the last three years, I think, recognizes some
6 of us that have been growing our business without any
7 assistance over the last three years and just arbitrarily
8 take those five points away from the last time, I don't
9 see why that would be done.

10 So again, to me, 120 points, add the points that
11 you want for the molded products, et cetera, and still
12 make it 70 percent pass or 84 and you've still got the
13 same relative score keeping, in my opinion.

14 I appreciated very much Martha's comments on
15 the -- that companies could make primary commitments on
16 their own and the actual invoices which, for many of our
17 companies, it's not uncommon to put 10 or 20 percent on
18 which would be on our hook, as long as the invoice is
19 after the March or April date.

20 And if you are successful then you could use
21 that. I think that just needs to be put in writing, but I
22 really support that. That really takes a big burden off
23 and then let the chips fall where they may.

24 Last comment relative to Senator Roberti's
25 comment that the molded product companies would receive

1 awards. My only comment on that is that for some of us
2 that were award in there that make crumb rubber where the
3 deduction is only five points, a lot of the crumb rubber
4 is going into molded products.

5 So it's a very close thing and it's a fight, so
6 to automatically -- if I understood the comment from the
7 Senator, it would only take out the ones that had
8 specifically molded products in the first group.

9 I mean, my company, my molded products company,
10 was just the next in line, so I don't know equitably how
11 you can push us up into it, but to me it opens a lot of
12 questions.

13 I thank you very much for the opportunity to
14 speak.

15 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
16 Quance.

17 Okay, we will now go into closed session.

18 (Thereupon a recess was taken.)

19 CHAIRPERSON MOULTON-PATTERSON: I'd like to call
20 the meeting back to order please.

21 I'm assuming that no members have ex partes. If
22 they do, please let me know.

23 BOARD MEMBER ROBERTI: I have an ex parte.

24 CHAIRPERSON MOULTON-PATTERSON: Senator.

25 BOARD MEMBER ROBERTI: I spoke with Mr. Murray

1 Quance regarding Agenda Item 23, representing BAS

2 Recycling.

3 CHAIRPERSON MOULTON-PATTERSON: Thank you.

4 Okay, any comments, questions on the public

5 comments?

6 BOARD MEMBER PAPARIAN: Madam Chair.

7 CHAIRPERSON MOULTON-PATTERSON: Mr. Paparian.

8 BOARD MEMBER PAPARIAN: I'd like to review the

9 potential for the expedited time schedule. I think Martha

10 you said you had something in writing, a possible

11 approach. Is that something you can distribute?

12 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I

13 gathered everything up during that.

14 BOARD MEMBER ROBERTI: Can I ask Martha a

15 question?

16 CHAIRPERSON MOULTON-PATTERSON: Yes, Senator.

17 BOARD MEMBER ROBERTI: On criterion 8, what was

18 the comparable point schedule on the old notebook -- on

19 the old scoring mechanism?

20 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

21 We didn't have a criterion that dealt with the individual

22 types of projects. What we did was decreased the market

23 potential by ten points and then dropped the points for a

24 proposal that hadn't been funded in the last couple of

25 cycles, and the match in excess of 50 percent, we dropped

1 those. So there wasn't really anything similar to number
2 8 currently.

3 BOARD MEMBER ROBERTI: Okay.

4 CHAIRPERSON MOULTON-PATTERSON: Thank you.

5 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

6 This timeline, the top schedule is the one that we had put
7 in the Board's agenda and we're recommending, so as to
8 make the award the existing scheduled April meeting. The
9 lower box, the number 2, is where we would try and shorten
10 various components of the process and strike about three
11 weeks actually off of the whole effort, and that would put
12 us at that March 26th as a possible special board meeting.

13 BOARD MEMBER PAPARIAN: Let me ask a question in
14 looking at it.

15 You're suggesting that March 8th the review
16 panels could complete their scoring. And then 12 working
17 days later, March 26th, is there a need for a gap between
18 the review panel's completing their scoring and the Board
19 actually considering the item? Is there a need for that
20 large a gap?

21 You're shaking your head yes.

22 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

23 This depends upon the schedule and publication of
24 information for public review. It might be possible to
25 have the completed list of recommended scores available a

1 little closer to the Board meeting, but that might
2 interfere with public notice, you know, if we can't get
3 give them enough notice that they're potentially awarded
4 or not and have a chance to get to the Board.

5 BOARD MEMBER PAPARIAN: Can I ask counsel about
6 what is it we would have to notice?

7 CHIEF COUNSEL TOBIAS: I think actually that is a
8 place. And I don't think I've spoken to Martha about
9 this. So I think that what you'd want to have ready is an
10 agenda item, but not necessarily the proposed successful
11 applicants at that time.

12 So although you'd have an item, it's probably
13 pretty much of a boilerplate item and so you could
14 probably shorten that time.

15 BOARD MEMBER PAPARIAN: So you're not feeling as
16 counsel that we need ten days at least after the scoring
17 is completed by the review panel? We don't need that
18 10-day notice on that point?

19 CHIEF COUNSEL TOBIAS: Well, the 10-day notice is
20 the legal notice for the agenda item. I am saying and, in
21 fact, recommending that we not put the successful
22 applicants out at that 10-day time, but to bring that
23 forward at the Board meeting.

24 BOARD MEMBER PAPARIAN: Okay. So the upshot is
25 that if the scoring could be done by March 8th, then we

1 could meet the March regular board meeting, which is
2 around March --

3 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
4 March 13th.

5 BOARD MEMBER PAPARIAN: March 13th.

6 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
7 It's physically possible to do that. What we've done in
8 the past is once the staff has completed its scoring and
9 the panel review has been conducted is that we send a
10 notice to all the applicants of the potential fate of
11 their applications. Under this scenario, they would all
12 merely learn of that recommendation at the Board meeting
13 instead of giving them 10 days.

14 CHIEF COUNSEL TOBIAS: And that's what I'm
15 suggesting that we do.

16 BOARD MEMBER PAPARIAN: Is there a problem with
17 that?

18 CHIEF COUNSEL TOBIAS: No. And, in fact, I'm
19 suggesting that we do it that way.

20 BOARD MEMBER PAPARIAN: Okay. And then just,
21 again, looking at the schedule, off the top of my head
22 here, and I'm sorry the audience doesn't have the
23 advantage of having this in front them, but there's a
24 suggestion that the NOFA go out on December 17th, that
25 there be a Q&A period through January 11th, that the Q&As

1 be posted on the web page on January 15th, and the
2 applications be postmarked by February 1st.

3 I wonder whether that February 1st date could
4 potentially be moved up to give a little extra leeway in
5 there.

6 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
7 I'm sorry, which direction is up?

8 BOARD MEMBER JONES: In January.

9 BOARD MEMBER PAPARIAN: Instead of a postmark
10 deadline of February 1st, if we could, you know, maybe
11 even have it something like January 20th or 22nd, it
12 would, you know, require applicants, if they were basing
13 their application on the Q&As to do some quick turn around
14 there, but given the circumstances, I wouldn't --

15 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
16 That would be extremely quick turn around. In past grant
17 applications, the applicants have had up to 10 to 12 weeks
18 to prepare applications and we've real cranked this down.

19 The trouble with making it too much shorter is
20 that we're likely to be restricting the applications to
21 those that were submitted in the earlier cycle. It
22 provides less opportunity for someone to submit an
23 entirely new application.

24 CHAIRPERSON MOULTON-PATTERSON: But I thought you
25 said that if we -- I mean, you could work out the details,

1 but if we could back it up where we could consider this at
2 our regular March meeting, you know, what Kathryn said the
3 letter wouldn't go and they'd just come to the meeting,
4 you're able to do that. I think that's what's important
5 to the Board.

6 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
7 But I understood Member Paparian to say that instead of
8 February 1st, he'd want a date in January for the
9 applications.

10 BOARD MEMBER PAPARIAN: Yeah, I mean, it seemed
11 like, first of all --

12 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
13 It's just --

14 BOARD MEMBER PAPARIAN: -- that it was possible
15 to meet the March regular board meeting even without
16 changing the application postmark deadline. I was then
17 looking at a way to give a little extra leeway in case
18 anything gets messed up in the process of receiving and
19 scoring applications to help assure that we would meet the
20 March board meeting deadline.

21 And then in order to accomplish that, I was
22 thinking of moving up the application period a week, just
23 to give a little extra time to assure that we're able to
24 take it up at the March regularly scheduled board meeting.

25 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I

1 hope the --

2 CHAIRPERSON MOULTON-PATTERSON: I'd like to see
3 -- I think perhaps it would be best if staff just knew we
4 wanted to consider it at our March meeting and they can
5 work out the details. They're more familiar with this. I
6 mean, you said you could do it, right?

7 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
8 If we can waive that 10-day notice that's part of the
9 whole process, yes, I think we can do it with the other
10 dates remaining as you see here.

11 Where we have some difficulty is in shortening
12 the application period during which the applicants prepare
13 their proposals much further. Please remember that the
14 holidays occur in here. These are complicated
15 applications. They often have to get, you know,
16 verification of some of these other policies and green
17 procurement and other issues through, you know, distant
18 offices or headquarters or something.

19 It is a lengthy process. And in the past we've
20 offered 10 to 12 weeks, and here this is going to be, you
21 know, five weeks maybe including Christmas. So it is
22 possible it might affect the quality of the applications.

23 CHIEF COUNSEL TOBIAS: Can I make a point, Mr.
24 Jones, if you would on the notice. We're not waiving the
25 notice on this. What we are simply doing here is to say

1 that the names of the successful applicants will not be in
2 the agenda notice. They will be brought into the Board
3 meeting on that date. The notice will still be agendized.

4 CHAIRPERSON MOULTON-PATTERSON: Thank you for
5 clearing that up.

6 Mr. Jones.

7 BOARD MEMBER JONES: Thanks, Madam Chair. I
8 think I have one question for some clarification.

9 We're doing this grant cycle now. There is going
10 to be another commercialization grant cycle that will come
11 in front of this board some time in the first part of next
12 year, that we are going to endorse another \$2 million, if
13 the Board decides, another \$2 million grant to go out for
14 commercialization, which means there will be \$4 million
15 basically available.

16 What I'm going to ask for in this motion is that
17 your truncated system actually get more truncated. I
18 think what Mr. Paparian and what the Chairwoman is asking
19 and what the other board members are saying is we want to
20 condense this period so that in March we can make an
21 award.

22 Now, there are a lot of people out there that
23 have completed grant applications that they may want to
24 change one or two things up, or they may not want to --
25 they might want to submit it, and based on what they have

1 heard today as far as the NOFA and what we expect in the
2 NOFA, which is the 10 points for the crumb, the 5 points
3 for the 2 shreds and the other crumb and the zero for
4 whatever.

5 So I think we have all talked about that. We
6 need this to be hastened, so that the first award of \$2
7 million can go out in March. And if that means that the
8 question and answer period from December 17th to January
9 11th gets condensed, we're willing to live with that,
10 because the question should be reasonably quick. And if
11 they're not, you can bring it to our attention.

12 That some of the other issues where we've got 16
13 days to complete the scoring, we would do whatever we do
14 to try to help you to make that quicker. We're going to
15 let you figure out where to take the dates, where to take
16 the time out of this, but we need this to be in front of
17 the Board for an award in the March board meeting. And
18 then we will be more than happy to meet some time else in
19 the near future to give out another \$2 million in grants
20 off of another NOFA, that has very different, you know,
21 they may have different wording. Is that so -- Madam
22 Chair?

23 CHAIRPERSON MOULTON-PATTERSON: Go ahead.

24 BOARD MEMBER JONES: If there is no more
25 discussion, I would like to move adoption of -- I want to

1 move adoption of Resolution 2001-484. We would like to
2 include language that says that the equipment stays in
3 California for a minimum of five years. That would be a
4 normal equipment amortization, and that we use a truncated
5 timeline schedule for award of this grant at the March
6 board meeting.

7 BOARD MEMBER EATON: Second.

8 CHAIRPERSON MOULTON-PATTERSON: We have a motion
9 by Mr. Jones seconded by Mr. Eaton to approve Resolution
10 2001-484 with noted additions.

11 Please call the roll.

12 SECRETARY VILLA: Eaton?

13 BOARD MEMBER EATON: Aye.

14 SECRETARY VILLA: Jones?

15 BOARD MEMBER JONES: Aye.

16 SECRETARY VILLA: Medina?

17 BOARD MEMBER MEDINA: I'm going to vote no on
18 this, just because of the concerns that have been
19 expressed in regard to shortening the time period for the
20 applicants.

21 SECRETARY VILLA: Paparian?

22 BOARD MEMBER PAPARIAN: Aye.

23 SECRETARY VILLA: Roberti?

24 BOARD MEMBER ROBERTI: Abstain.

25 SECRETARY VILLA: Moulton-Patterson?

1 CHAIRPERSON MOULTON-PATTERSON: Aye.

2 And thank you, Ms. Gildart, for working with us.

3 Our motivation is to get this money out and working.

4 Item number 25.

5 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I

6 think that was on consent or was there a question. Member

7 Eaton had had a question and I thought we addressed it.

8 CHAIRPERSON MOULTON-PATTERSON: I'm sorry.

9 Okay, number 26.

10 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:

11 Item 26 is going to be presented by Stacey Patenaude of

12 the Special Waste Division.

13 MS. PATENAUDE: Thank you, Martha. Madam Chair

14 and Members of the Board, I'm Stacey Patenaude of the

15 Special Waste Division in the tire remediation technical

16 services branch.

17 Item 26 is Consideration of Approval of a Scope

18 of Work for an Earthquake Response of Bridge Abutments

19 Using Shredded Tire Backfill, fiscal year 2001/2002 for

20 the Five Year Plan for the Waste Tire Recycling Management

21 Plan.

22 First, I'd like to read some changes into the

23 record for this item. The first change is in the fiscal

24 impact section. In the last sentence it states that, "If

25 this interagency agreement with UCD for \$170,005..." that

1 amount was changed to \$177,588.

2 Down in the funding information the amount
3 proposed for this funding item has also been changed to
4 read \$177,588.

5 In the scope of work there are a couple of
6 changes. In the budget under tuition in year one, the
7 original number was \$14,586, and that is now \$4,800. The
8 reason for this change is based on questions during the
9 briefing, I talked with Professor Jeremic from UC Davis.

10 The tuition of the \$14,000 was a worst case
11 tuition basically dealing with an out-of-state student. I
12 request that we could specifically State that an in-state
13 student be used. And they changed it, and so now the
14 tuition is now restricted to an in-state -- in California
15 state.

16 The next item change is the total direct cost,
17 which was of \$67,305. That is now to read \$57,519. And
18 that incorporates the change of tuition.

19 The original overhead read ten percent. After
20 talking with the professor, we became aware that he was
21 basing his budget on a grant proposal. UC Davis offers
22 grants -- usually, when they work with the State of
23 California, it's through a grant apparently and their
24 overhead is ten percent charge to the State of California.

25 When they do a contract, the overhead is 27.5.

1 When I informed him that I have contract funds and not
2 grant funds, we had to change the overhead to 27.5.
3 Therefore, the overhead of \$5,272 has now been changed to
4 \$15,818 for a first year change from \$72,577 to \$73,337.

5 On year two once again the tuition has been
6 changed from 14,586 to \$5,000. The direct costs, which
7 read at \$91,351, now reads \$81,765. Overhead has been
8 changed from ten percent to 27.5. That makes the
9 overhead -- the original was \$6,077 will now read \$22,486
10 for a total of -- the second year original number was
11 \$97,428. The new number will be \$104,251 for a total of
12 the project original number was \$170,005, the new number
13 will be \$177,588.

14 There's one change on the resolution, too. On
15 the, "Now therefore be it resolved, the Board approves..."
16 it originally said \$107,005. It should read the Board
17 approves a scope of work for an interagency agreement with
18 the University of California at Davis. With those changes
19 read in, I'd like to summarize this item real quick.

20 This item requests approval of a scope of work
21 for the study to evaluate the effectiveness of tire shreds
22 to provide a seismic dampening when used as backfill
23 against a highway bridge abutment.

24 This application has the potential to increase
25 the structural stability of highway bridges by making them

1 more resistant to earthquakes. The University of
2 California at Davis will perform the analytical and
3 experimental study of these effects from earthquakes on
4 the bridge abutments when tire shreds are used as
5 backfill.

6 With these changes, I'd like to comment on some
7 questions that were asked during the original briefing.
8 One comment was regarding the payment of tuition to the
9 University of UCD. I've talked with the university staff
10 our administration people also. Apparently, on other
11 contracts when you deal with the University of UCD, it is
12 standard operating procedure that the tuition, fringe
13 benefits, salary, wages are all lumped into one thing and
14 usually you see it, it is called a stipend.

15 This is standard process through the entire UC
16 system. And this is set by the Regents. It's
17 nonnegotiable. If you're to do a study, a contract, a
18 research through the university, this is how this is done.

19 We've talked with a number of universities
20 besides just UCD and this is the standard practice.

21 Also, Mr. Jones had asked about the copyright.
22 If you'll notice the last paragraph in the scope of work,
23 which was drafted by the University of Davis, they make a
24 statement dealing with the copyright. So they actually
25 put that statement in there for us.

1 BOARD MEMBER JONES: Great.

2 MS. PATENAUDE: With that, I would like to read
3 the options to the Board.

4 Option 1 is approve the proposed scope of work.
5 Option 2, approve the scope of work with specific changes.
6 Option 3, direct staff to make changes to the scope of
7 work and return to the Board at a later meeting.

8 Staff would like to recommend approval of the
9 proposed scope of work and adoption of Resolution
10 2001-486.

11 CHAIRPERSON MOULTON-PATTERSON: Thank you.

12 Mr. Eaton, did you have a question?

13 BOARD MEMBER EATON: Yes. Just a couple of quick
14 questions, and I'll try and keep it brief. And hopefully
15 in the future through the admin division, we can go
16 through some of these contracts. As it relates to tuition
17 and stuff, because as I looked at tuition and so on and so
18 forth, the amount of money, it was \$1,480 for an
19 out-of-state student per quarter.

20 So I don't know how long this was going to be,
21 but it added up to only about 20 percent of actual tuition
22 costs we were being charged.

23 I think, you know, in the future we'll have that
24 discussion. Who is Thomas Jee, is he associated with the
25 University of California at Davis?

1 MS. PATENAUE: No. He once was a design
2 engineer for CalTrans. He is now a private structural
3 engineer. We've brought him in as kind of an expert in
4 the field. He was the primary designer for the seismic
5 retrofit for the Golden Gate Bridge, and we wanted some
6 outside input.

7 We've also got members from the structural team
8 from the California -- I mean, from CalTrans. And he has
9 agreed to comment on our study, give us input on some of
10 the information.

11 BOARD MEMBER EATON: That will go through UCD and
12 not through the Board, directly to him?

13 MS. PATENAUE: Yes.

14 BOARD MEMBER EATON: I just want to make sure of
15 that.

16 The other issue I have and I'll stop quickly, and
17 I don't have a problem with the contract, but when this
18 was first brought before, my understanding is the reason
19 why we went to UCD was the fact that not only would it be
20 quicker, but that it would be much more cost effective to
21 use these individuals. But when I see the overhead being
22 one-third on a small contract, such as this, I have to
23 question whether or not a little bit of the time would we
24 be spending our money much more wisely and much more
25 efficiently to take a delayed process to send it out to

1 bid, because with almost really one-third, and one-third
2 is just their overhead if you include all the other kinds
3 of things in there, you're approaching nearly 40 percent,
4 so we're paying 40 percent, but we're not getting that
5 kind of, you know, bang for our buck so to speak.

6 So I would just like in the future that we, as a
7 Board, consider those kind of options, because timeliness
8 is one thing in other issues. I'm not sure that going out
9 and to bid on something like this for the amount of money
10 wouldn't be a better way.

11 When we went with Dana Humphrey obviously we got
12 him for the cash that we paid him in a contract. But I
13 mean when we're paying 30/40 percent overhead, you know,
14 half that's not going to the product that we want. So
15 that would be something that I would be very concerned
16 with.

17 Thank you, Madam Chair.

18 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
19 Eaton. We do have one speaker Barry Takallou.

20 DR. TAKALLOU: Madam Chair and Members of the
21 Board, I would like to make a few comments on this agenda
22 Item 26.

23 If you notice, I passed around a supplement
24 greenbook, specification supplement 2002. If you flip
25 over to page 15, page 15 requires the agencies which are

1 using asphalt rubber are required to use the rubber from
2 the State of California. So this is an achievement of a
3 partnership between industry and the public. And this was
4 the subject for many months.

5 We worked over ten months with the Green Book
6 Committee to require that, and Southern California roadway
7 agencies from Santa Barbara all the way down to San Diego,
8 they are using this specification. So as of 2002 crumb
9 rubber from the State of California is going to be used.

10 And what is the relationship between this item
11 and item 26? I can say I've been seeing this Board and I
12 have seen a lot of agenda items in interagency agreements.
13 Last month they came in front of the Board on an
14 Interagency Agreement between LA County and Sacramento
15 County, which I think they have done a wonderful job, but
16 I can see a lot of duplications.

17 There is some research work which is already done
18 in LA County, now is getting duplicated in Sacramento
19 County. And I'd like to see if we can have some sort of a
20 gathering of information and stay away from duplication.
21 And often times these people they don't talk to each
22 other.

23 As a Registered Professional Engineer in this
24 State, which we all have to pass the seismic exam to
25 become a Registered Professional Engineer, and I'm one of

1 them, I'm very surprised we are even considering this
2 seismic study.

3 I would recommend rather than the Board spend,
4 you know, \$170 thousand on the two-year research, you
5 know, more likely -- you know, the feasibility of this is
6 less expensive. This expert, which we have, apparently a
7 Golden Gate Bridge structural engineer, why we cannot have
8 something in writing what he thinks how feasible it is to
9 use shredded material as a, you know, foundation.

10 And there's lots of getting, I think, ahead of
11 everything else. When you're doing a seismic design, you
12 need a coherent, what they call, a diaphragm, everything
13 is all here connected. Shredded material, how are you
14 going to connect it together?

15 And that's why I was thinking, you know, more,
16 you know, working together with CalTrans, the structural
17 engineers, you know, this all sounds very nice, very
18 interesting. We're going to study the seismic ability of
19 this. But don't you think if you have something in front
20 us, you know 10, 20 pages, the feasibility of this, an
21 expert making an opinion before you go further into this
22 route.

23 That's my comment.

24 CHAIRPERSON MOULTON-PATTERSON: Thank you, Dr.
25 Takallou.

1 Mr. Jones.

2 BOARD MEMBER JONES: Thanks, Madam Chair. I'm
3 going to move adoption of resolution 2001-486,
4 consideration of approval of a scope of work for the
5 earthquake response of bridge abutments using shredded
6 tire backfill study, and amend it so that, "Now therefore
7 be it resolved that the Board approves \$177,588."

8 BOARD MEMBER MEDINA: Second.

9 CHAIRPERSON MOULTON-PATTERSON: Motion by Mr.
10 Jones, seconded by Mr. Median to approve resolution
11 2001-486 with the amendment read into the record.

12 Please call the roll.

13 SECRETARY VILLA: Eaton?

14 BOARD MEMBER EATON: Aye.

15 SECRETARY VILLA: Jones?

16 BOARD MEMBER JONES: Aye.

17 SECRETARY VILLA: Medina?

18 BOARD MEMBER MEDINA: Aye.

19 SECRETARY VILLA: Paparian?

20 BOARD MEMBER PAPARIAN: Aye.

21 SECRETARY VILLA: Roberti?

22 BOARD MEMBER ROBERTI: Aye.

23 SECRETARY VILLA: Moulton-Patterson?

24 CHAIRPERSON MOULTON-PATTERSON: Aye.

25 Item 27.

1 BOARD MEMBER PAPARIAN: Madam Chair. I'm sorry,
2 I wanted to -- Mr. Takallou, I think made some excellent
3 points. And I hope the staff will follow-up and work with
4 him on some of that. One thing I wanted to ask, the thing
5 that he passed out, it seems to be pretty major. Is it,
6 in fact -- what are the implications of this in terms of
7 California crumb rubber being used?

8 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART: I
9 sort of heard two questions there. Just to quickly
10 respond to Dr. Takallou's statement, there was a
11 feasibility study conducted with UC Davis and we can make
12 the results available to the Board after this meeting.

13 As far as the work here on the green book, yes, I
14 think it's quite a significant achievement. There have
15 been specifications on the use of rubberized asphalt
16 adopted both in the green book and in CalTrans bluebook
17 before this. But this is the first time the language
18 specified that tires generated within the State should be
19 used.

20 I think that will help with local governments who
21 adopt this not buying the British Columbia crumb. It
22 doesn't influence CalTrans' purchasing policies at this
23 time. Perhaps our board can once again, you know,
24 approach CalTrans on that issue.

25 BOARD MEMBER PAPARIAN: So this is something that

1 local governments, if they choose to use it, would use
2 this as a guideline, but CalTrans has something separate.

3 SUPERVISING WASTE MANAGEMENT ENGINEER GILDART:
4 Correct.

5 BOARD MEMBER PAPARIAN: Thank you.

6 CHAIRPERSON MOULTON-PATTERSON: Thank you, Mr.
7 Paparian.

8 Number 27.

9 BOARD MEMBER JONES: Madam Chair.

10 CHAIRPERSON MOULTON-PATTERSON: Yes, Mr. Jones.

11 BOARD MEMBER JONES: Before the staff starts on
12 the item before you, you basically laid out this program.
13 Is there anymore information you need to give us?

14 Otherwise, I'll make the motion, if it's okay.

15 CHAIRPERSON MOULTON-PATTERSON: Thank you.

16 BOARD MEMBER JONES: I'll move adoption of
17 resolution 2001-47, consideration of approval of an
18 interagency agreement between the University of
19 California, San Diego and the Integrated Waste Management
20 Board to study earthquake response of bridge abutments
21 using shredded tire backfill identified as part of the
22 five-year plan.

23 BOARD MEMBER MEDINA: Second.

24 BOARD MEMBER PAPARIAN: Mr. Jones.

25 BOARD MEMBER JONES: Yes, sir.

1 BOARD MEMBER PAPARIAN: I think you said San
2 Diego, you meant Davis.

3 BOARD MEMBER JONES: Did I say San Diego? I
4 apologize. California at Davis.

5 BOARD MEMBER PAPARIAN: Do we have to change the
6 amount in this one too.

7 CHAIRPERSON MOULTON-PATTERSON: Yes.

8 BOARD MEMBER JONES: Change it to \$177,588.

9 CHAIRPERSON MOULTON-PATTERSON: We have a motion
10 by Mr. Jones seconded by Mr. Medina with the changes to
11 approve resolution 2001-487.

12 Please call the roll?

13 SECRETARY VILLA: Eaton?

14 BOARD MEMBER EATON: Aye.

15 SECRETARY VILLA: Jones?

16 BOARD MEMBER JONES: Aye.

17 SECRETARY VILLA: Medina?

18 BOARD MEMBER MEDINA: Aye.

19 SECRETARY VILLA: Paparian?

20 BOARD MEMBER PAPARIAN: Aye.

21 SECRETARY VILLA: Roberti?

22 BOARD MEMBER ROBERTI: Aye.

23 SECRETARY VILLA: Moulton-Patterson?

24 CHAIRPERSON MOULTON-PATTERSON: Aye.

25 Okay. Waste Prevention and Market Development,

1 Item number 31.

2 DEPUTY DIRECTOR WOHL: Good afternoon, Madam
3 Chair. Patty Wohl Waste Prevention and Market Development
4 Division. Agenda Item 31 is Consideration of Approval of
5 Rigid Plastic Packaging Container Agreements for
6 Compliance Years '97, '98 and '99. You've seen these
7 before. In the interests of time John Nuffer is available
8 to answer questions, and then we can spend more time on
9 Agenda Item 32.

10 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

11 BOARD MEMBER JONES: Mr. Eaton has a question.

12 CHAIRPERSON MOULTON-PATTERSON: Oh, I'm sorry.
13 Mr. Eaton.

14 BOARD MEMBER EATON: I just have a comment that
15 during the holiday season we should just recognize that
16 Mr. Nuffer with his resilience on improving this product
17 is only shown by the fact that she shows up and does this
18 at a time when the Board is moving quite quickly. So your
19 resilience is only matched by the product that you try to
20 improve.

21 Thank you, Mr. Jones.

22 (Laughter.)

23 BOARD MEMBER JONES: Yes, Mr. Eaton, very well
24 said.

25 Madam Chair.

1 MR. NUFFER: Mr. Jones, may I --

2 BOARD MEMBER JONES: Oh, sure, Mr. Nuffer. I'm
3 sorry.

4 MR. NUFFER: We are still negotiating with Eagle
5 1 and KMart, so we're pulling those from the 21. But the
6 proposed motion that we gave you takes that into account.
7 I'd just like -- the bottom line of that resolution should
8 read Item 31.

9 BOARD MEMBER JONES: Okay.

10 MR. NUFFER: Thank you.

11 BOARD MEMBER JONES: Anything else?

12 Madam Chair?

13 CHAIRPERSON MOULTON-PATTERSON: Yes, Mr. Jones.

14 BOARD MEMBER JONES: I would like to move
15 adoption of resolution numbers 2001-496 through 2001-500,
16 and resolution numbers 2001-502 through 2001-505 and
17 resolution numbers 2001-507 through 2001-516 to adopt the
18 RPPC compliance agreements for the companies listed in
19 Agenda Item number 31.

20 BOARD MEMBER MEDINA: Second.

21 CHAIRPERSON MOULTON-PATTERSON: Motion by Mr.
22 Jones seconded by Mr. Medina to approve resolution 2 --
23 well, as read into the record.

24 Please call the roll.

25 (Laughter.)

1 SECRETARY VILLA: Eaton?
2 BOARD MEMBER EATON: Aye.
3 SECRETARY VILLA: Jones?
4 BOARD MEMBER JONES: Aye.
5 SECRETARY VILLA: Medina?
6 BOARD MEMBER MEDINA: Aye.
7 SECRETARY VILLA: Paparian?
8 BOARD MEMBER PAPARIAN: Aye.
9 SECRETARY VILLA: Roberti?
10 BOARD MEMBER ROBERTI: Aye.
11 SECRETARY VILLA: Moulton-Patterson?
12 CHAIRPERSON MOULTON-PATTERSON: Aye.
13 Mr. Eaton, had you suggested that maybe we take
14 the action items?
15 BOARD MEMBER EATON: If we could just do the
16 consideration items and come back to the discussion and
17 that may relieve some of the people.
18 CHAIRPERSON MOULTON-PATTERSON: So we'll go to --
19 BOARD MEMBER EATON: We have three left, don't
20 we?
21 CHAIRPERSON MOULTON-PATTERSON: Go to 34, and --
22 DEPUTY DIRECTOR WOHL: Agenda item 34, 36 and 38
23 will be briefly presented by Corky Mau.
24 MS. MAU: Madam Chair and Board Members, I'm
25 Corky Mau representing the RMDZ program. And very briefly

1 all three of these particular items are asking for your
2 consideration and approval of the selection of contractors
3 for three various projects all to be funded from the
4 Recycling Market Development Revolving Loan Account.

5 Item 34 is a project entitled recycled content
6 product inventory services. Staff is proposing that we go
7 forward with a sole source contract with a nonprofit
8 organization headquartered in Redding entitled Inventors'
9 Alliance of Northern California.

10 This particular organization has already
11 established relationships with several of our rural RMDZs,
12 notably Shasta, Siskiyou, Oroville and
13 Sonoma/Mendocino/Lake Counties. This contract is for the
14 amount of up to \$57,000, and we are requesting that the
15 Board adopt resolution 2001-521.

16 CHAIRPERSON MOULTON-PATTERSON: Thank you.

17 MS. MAU: Any questions?

18 BOARD MEMBER JONES: Madam Chair?

19 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

20 BOARD MEMBER JONES: I think Steve Boyd works
21 with this group very closely. And this a good group
22 that's put an awful lot of inventions together for
23 recycled content. I actually spoke at one of their
24 functions.

25 So if there are no questions, I'd like to move

1 adoption of resolution 2001-521, consideration of approval
2 of a scope of work for the recycled content product
3 inventor services, concept number 33.

4 BOARD MEMBER MEDINA: Second.

5 CHAIRPERSON MOULTON-PATTERSON: We have a motion
6 by Mr. Jones seconded by Mr. Medina to approve resolution
7 2001-52.

8 Please call the roll.

9 SECRETARY VILLA: Eaton?

10 BOARD MEMBER EATON: Aye.

11 SECRETARY VILLA: Jones?

12 BOARD MEMBER JONES: Aye.

13 SECRETARY VILLA: Medina?

14 BOARD MEMBER MEDINA: Aye.

15 SECRETARY VILLA: Paparian?

16 BOARD MEMBER PAPARIAN: Aye.

17 SECRETARY VILLA: Roberti?

18 BOARD MEMBER ROBERTI: Aye.

19 SECRETARY VILLA: Moulton-Patterson?

20 CHAIRPERSON MOULTON-PATTERSON: Aye.

21 Number 36, is that right?

22 MS. MAU: Yes, item number 36 is asking you to
23 consider an approval of a contractor for the Economic
24 Gardening Demonstration Project. This is a project that
25 is going to be split funded through two fiscal years up to

1 \$57,000.

2 For the record, I'd like to note a correction.
3 It's on page 36-1. The first paragraph under summary, it
4 mentions that we would like to enter into an interagency
5 agreement with the contractor. It should be the last line
6 of that first paragraph. We have since conferred with our
7 administrative unit and they correctly identified that we
8 should be going into a standard agreement rather than an
9 interagency agreement, so I'd like to note that.

10 This particular proposal is to enter into an
11 agreement with the Foundation of California State
12 University located at San Bernardino.

13 They have successfully proven that they can
14 implement economic gardening which is a new approach to
15 developing existing businesses in our communities. They
16 have actually provided services to the City of Lake
17 Elsinore and San Bernardino, and we are specifically
18 asking them to enter into a demonstration project with our
19 RMDZs throughout the State, and we are requesting that the
20 Board adopt Resolution 2001-523.

21 CHAIRPERSON MOULTON-PATTERSON: Thank you.

22 Any questions?

23 Mr. Jones.

24 BOARD MEMBER JONES: Madam Chair, I would like to
25 move adoption of resolution 2001-523, consideration of

1 approval of a contractor for the Economic Gardening
2 Demonstration Project.

3 BOARD MEMBER MEDINA: Second.

4 CHAIRPERSON MOULTON-PATTERSON: Motion by Mr.
5 Jones seconded by Mr. Medina to approve resolution
6 2001-523.

7 Please call the roll.

8 SECRETARY VILLA: Eaton?

9 BOARD MEMBER EATON: Aye.

10 SECRETARY VILLA: Jones?

11 BOARD MEMBER JONES: Aye.

12 SECRETARY VILLA: Medina?

13 BOARD MEMBER MEDINA: Aye.

14 SECRETARY VILLA: Paparian?

15 BOARD MEMBER PAPARIAN: Aye.

16 SECRETARY VILLA: Roberti?

17 BOARD MEMBER ROBERTI: Aye.

18 SECRETARY VILLA: Moulton-Patterson?

19 CHAIRPERSON MOULTON-PATTERSON: Aye.

20 Number 38.

21 MS. MAU: This item here is to approve the
22 selection of a contractor for our recycling manufacturing
23 business investment forums. As you may recall, a little
24 bit of background on this, the Board had directed staff,
25 back in 1999, to move forward with four investment forums

1 for our RMDZ programs.

2 Primarily the goal of these investment forums was
3 to make a connection between the financial and investment
4 community out there to help solicit additional financing
5 for many of our start-ups or existing firms that our
6 current loan program was not sufficient to give them money
7 for.

8 This particular contract is also wanting to add
9 in conversion technology businesses. What we would like
10 to do is continue our contract and partner with the U.S.
11 EPA. We are asking that this contract be up to the amount
12 of \$60,000, and to continue to move forward with the last
13 two investment forums that were directed by the Board back
14 in year 2000.

15 We have significant findings that were presented
16 in a report that was presented to the Board back in 2001,
17 and we proposed that these investment forums be continued.

18 Therefore, we are asking that the Board adopt
19 Resolution 2001-519.

20 Any questions?

21 BOARD MEMBER JONES: Madam Chair?

22 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones?

23 BOARD MEMBER JONES: I'd like to move adoption of
24 Resolution 2011-519, the consideration of approval of a
25 contractor for the recycling manufacture business

1 investment forums concept number 31.
2 BOARD MEMBER MEDINA: Second.
3 CHAIRPERSON MOULTON-PATTERSON: Motion by Mr.
4 Jones seconded by Mr. Medina to approve resolution
5 2001-519.
6 Please call the roll.
7 SECRETARY VILLA: Eaton?
8 BOARD MEMBER EATON: Aye.
9 SECRETARY VILLA: Jones?
10 BOARD MEMBER JONES: Aye.
11 SECRETARY VILLA: Medina?
12 BOARD MEMBER MEDINA: Aye.
13 SECRETARY VILLA: Paparian?
14 BOARD MEMBER PAPARIAN: Aye.
15 SECRETARY VILLA: Roberti?
16 BOARD MEMBER ROBERTI: Aye.
17 SECRETARY VILLA: Moulton-Patterson?
18 CHAIRPERSON MOULTON-PATTERSON: Aye.
19 That takes us to our last item, Item number 32.
20 Ms. Wohl.
21 DEPUTY DIRECTOR WOHL: Agenda Item 32, Discussion
22 of Request for Direction on Rigid Plastic Packaging
23 Container Administrative and Regulatory Issues. We have
24 11 issues that are in the agenda item, and we can briefly
25 go through those and then we're looking for some

1 discussion and feedback from you. And we're hoping that
2 we would take these issues out to our stakeholders and get
3 their input.

4 In particular, probably the most urgent is the
5 issue of the small companies, because that's affecting,
6 sort of, what we're doing now with the current compliance
7 agreements.

8 So I'll turn it over to John Nuffer.

9 MR. NUFFER: Madam Chair, Board Members, John
10 Nuffer with the Plastics Recycling Technology Section.

11 We've presented 11 issues for you that have been
12 raised over the last several years by staff and
13 stakeholders as a result of the two compliance
14 certification -- two certifications we've undertaken, one
15 for '96 and one for '97 through '99.

16 Our purpose today is to get your questions and
17 your comments and your direction about if and how we
18 resolve some of these issues.

19 The first issue relates to streamlining and
20 standardizing the certification process. Out of the 1,500
21 companies that we've attempted to certify over the last
22 several years, less than 25 percent of those companies
23 responded within the legal timeframe. They have 60 days
24 by law to submit the certifications. And we're able to
25 grant them a 30-day extension for certain valid reasons.

1 So they have -- some companies have 90 days.
2 Less than a quarter of the companies we've certified have
3 given us the information we needed within that time frame.
4 That creates some inequity among the companies that are
5 being certified.

6 It also causes us to cause the staff to have to
7 track down those unresponsive companies and explain the
8 law. And it's very time consuming. There is no incentive
9 currently to submit certifications in a timely manner.

10 Issue number two relates to redefining what is a
11 rigid plastic packaging container. Currently, the law
12 provides what we would call loopholes. In other words,
13 packaging can be modified so it isn't regulated. I'll
14 give you a couple of examples. You can have two clear
15 plastic clam shells exactly the same size and shape in
16 plastic, one is snapshut, one is heat sealed. The one
17 that's snapped shut is regulated and must comply with the
18 law. The other that's heat sealed does not have to comply
19 with the law.

20 That's because if a container is capable of
21 multiple reclosure, then it's regulated. So two very
22 similar containers can be treated differently.

23 Also, if you had a one gallon bucket, one had a
24 plastic handle and one had a metal handle, the bucket with
25 the metal handle would not be regulated and wouldn't have

1 to include any recycled plastic. The one with the plastic
2 handle would have to be regulated.

3 Also, the law discourages innovation. We
4 recently had an example where we were talking to two
5 different companies that produced toner cartridges,
6 virtually the same toner cartridges, one toner cartridge
7 had cellophane tape you took off to insert it into the
8 copier and it could never be reclosed again.

9 Another company designed a cap for this toner
10 cartridge so that when you took it out, you could close
11 the cap, and the person doing that wouldn't get the
12 residual toner on them, which seems like a benefit to the
13 consumer.

14 The cartridge with the recloseable cap is
15 regulated. The toner cartridge without the cap is
16 regulated, so virtually the same containers are being
17 treated differently by the law.

18 The third issue involves increasing the use of
19 California recycled plastic. In our experience most of
20 the recycled plastic is going into the containers, the
21 rigid plastic containers that are being used to package
22 products in California our coming from out of state.

23 And that's because we're dealing with lots of
24 multi-national companies that are headquartered out of
25 State or that have manufacturing facilities elsewhere.

1 And that doesn't help support and build California's
2 markets for recycled plastic.

3 The issue involved is providing some compliance
4 flexibility for companies that can comply. Right now the
5 law says you either have to use ten percent -- you have to
6 reduce your containers by ten percent or you have to put
7 25 percent post-consumer resin in them. You can't source
8 reduce a container and use post-consumer resin in them and
9 still comply. And many companies like to lightweight
10 their containers and use post-consumer resin.

11 The fifth issue involves limiting oversight of
12 small companies. Some companies only sell maybe 100
13 containers into California. An example would be a company
14 that manufactures printing presses. They're big machines.
15 They don't sell many of them in California. But with
16 those machines they have a gallon of lubricating fluid.
17 In that case, that company didn't sell many of those
18 containers into California.

19 Some companies sell 400 containers or 1,000
20 containers. It's difficult for some of those small-volume
21 companies to buy the volume of containers they need. They
22 asked container manufacturers to supply them with
23 containers with 25 percent post-consumer resin. Sometimes
24 those container manufacturers only want to sell 15,000 or
25 20,000 containers. So sometimes being small is a

1 disadvantage.

2 And I should mention that in March we want to
3 bring an item for your consideration involving that issue
4 of smallness. We have a number of companies that we've
5 run across through the current compliance certification
6 that would like you to give them special consideration
7 because they are small, and that will be in March.

8 The sixth issue involves providing mitigation
9 measures for companies that cannot comply. As you recall,
10 Torro had a problem using post-consumer resin in its
11 two-cycle engine oil containers. That's because the
12 solvent in the two-cycle oil ate away at the recycled
13 plastic.

14 We'd like to provide a way for companies like
15 that that can't technically comply with law to do
16 something else, maybe to use recycled plastic in some of
17 or their nonregulated products or packaging, if they can't
18 comply for technological reasons.

19 The seventh issue involves standardized testing.
20 If a company like Torro says they can't comply for
21 technical reasons, we request that they do testing to
22 verify that. We'd like to standardize that testing so
23 that everybody does the same testing, uses the same
24 methods, the same procedures, so that we're assured that
25 the results are consistent for everybody.

1 The eighth issue involves formalizing compliance
2 agreements. You have been adopting compliance agreements
3 on a case-by-case basis. We'd like to include some
4 mention of compliance agreements in the regulations, so
5 that there's never any claim that companies are being
6 treated differently.

7 The ninth issue involves formalizing penalty
8 criteria. The Board adopted penalty criteria several
9 years ago, which it used once, but there is no mention of
10 penalty criteria in the statute or the regulations. We'd
11 also like to include those in the regulations so that
12 there's never a claim that the Board is treating companies
13 differently.

14 The tenth issue involves expanding our outreach
15 efforts. Through our two certifications, we found that
16 less than 25 percent of the companies we've certified,
17 less than 1,500 companies new about the law. That means
18 that we have to spend a significant amount of time
19 explaining why a company is regulated, explaining which --
20 helping them decide which containers of theirs are
21 regulated, and then helping them through the certification
22 process.

23 The 11th issue involves auditing compliance
24 certifications. There's often misunderstandings or
25 confusion about who's regulated, what containers are

1 regulated, and if we were able to audit manufacturers, we
2 could be sure that they were including all of the
3 containers that they should be including.

4 Also, companies that are unresponsive that don't
5 respond to us for months, we have some doubt that, at
6 times, that the information they're providing us is
7 complete and accurate.

8 Also, there's an issue related to sometimes
9 business relationships are very complex. Parents and
10 subsidiaries and affiliates without being able to do an
11 audit, it's sometimes difficult to know that what you're
12 getting is accurate.

13 Those are the 11 major issues that we've run
14 across. We'd like your questions and comments. I think
15 we've talked about these issues from time to time with our
16 stakeholders, but we really haven't done it in a formal
17 way.

18 We meet with our stakeholders on a monthly basis.
19 This might take some time to explore these issues, some of
20 the more technical issues with stakeholders. We'd like
21 your feedback at this point, please.

22 CHAIRPERSON MOULTON-PATTERSON: Mr. Eaton.

23 DEPUTY DIRECTOR WOHL: Can I just make one
24 comment to remind the Board that on the issue of auditing,
25 you did approve the contract concept to go forward with

1 some dollars for auditing. It does include SABRAC, RPPC,
2 newsprint and AB 75, and trash bags.

3 So it obviously will be very little for each, but
4 we will spend some money to verify some of the information
5 we've been receiving.

6 CHAIRPERSON MOULTON-PATTERSON: Mr. Eaton.

7 BOARD MEMBER EATON: Yeah, thank you. And I know
8 there's a lot of items here. A couple of things, you were
9 planning to bring back most, if not all of these 11 issues
10 in March.

11 MR. NUFFER: Actually, no, it was just the small
12 volume.

13 BOARD MEMBER EATON: Just the small volume. Do
14 you have any plans to sit down with the stakeholders on
15 some of the ideas that you're looking at for solutions to
16 these?

17 MR. NUFFER: Yes. We were thinking about
18 spending four or five or six meetings. We can meet with
19 them on a monthly basis, four or five or six times to
20 explore these issues, and then, at some point, come back
21 to you with specific proposals to make changes or to start
22 a rule-making process.

23 BOARD MEMBER EATON: And I think that's where I'm
24 leading is trying to be able to get some of the synthesis
25 in where the people are in agreement and disagreement.

1 But also a third category, is there any statutory changes
2 that would be needed, because some of these require, I
3 would think -- because that's the age old argument that we
4 have, is that the statute requires us or what have you to
5 set those forward and bring those, at least from my
6 perspective, back to see and what we can do to adapt to
7 make it a little bit easier.

8 But the only other thing I have with regard to
9 compliance checking with what other options we have with
10 our other fellow State agencies, that if we do have a,
11 sort of, recalcitrant comply or not, with the small
12 companies or anything like, is there something else we can
13 do that prevents them from operating in the State of
14 California to get their attention?

15 MR. NUFFER: Sure.

16 BOARD MEMBER EATON: Thank you.

17 CHAIRPERSON MOULTON-PATTERSON: I certainly think
18 they're all important issues, and I'd be -- I think the
19 Board would be very interested in the feedback you get
20 from stakeholders.

21 BOARD MEMBER PAPARIAN: Madam Chair?

22 CHAIRPERSON MOULTON-PATTERSON: Mr. Paparian?

23 BOARD MEMBER PAPARIAN: A couple of things.
24 First of all, I think we were all handed a letter from
25 Edgar Coral from the Heller Ehrman Law Firm on behalf of

1 their client Triangle Pacific Corporation regarding this
2 item. So I wanted to make sure to get that on the record.

3 I think there are some, you know, excellent
4 suggestions in here. And I would encourage you to pursue
5 these. But the one thing I would suggest is that I
6 attended one or two of these working group meetings last
7 year, and I know that it can be challenging to try to
8 reach an agreement in that group. And my suggestion would
9 be that you, you know, in some orderly way bring these
10 items forward, and then not filibuster them to allow them
11 to filibustered to death over time, but rather, you know,
12 raise the issues with the group, get the input from the
13 group, and then bring it back to the Board for action or,
14 direction.

15 And that you do that -- not bring all 11 back at
16 one time, but do them in some sequence and order, so that
17 you can move these things along.

18 MR. NUFFER: Okay.

19 BOARD MEMBER JONES: Madam Chair.

20 CHAIRPERSON MOULTON-PATTERSON: Mr. Jones.

21 BOARD MEMBER JONES: Just one quick question. On
22 the formalized compliance agreement, I have no problem
23 with that, but you had a lot of specific conditions that
24 you needed to worry about on a couple of these. Would you
25 still be able to -- I mean, this would be like 99 percent

1 of the compliance agreements would be in a reg package, as
2 Issue 8 kind of talks about or in a formalized manner, and
3 then would that still give you the opportunity to work on
4 some special issues?

5 MR. NUFFER: Yeah. I think we would write the
6 regulations, would write the amendments so that we could
7 have the flexibility. I think it's important to have
8 flexibility.

9 BOARD MEMBER JONES: Okay.

10 MR. NUFFER: I think in regs what it does is it
11 helps the public exposure of what we're trying to do. It
12 helps.

13 BOARD MEMBER JONES: Right. I mean, I made the
14 comment at the briefing that HDPE is four cents. And, I
15 mean, we've got to keep pounding on this and when I read
16 the evaluation criteria, I see a lot of these that I
17 should think are really going to help the program, a
18 couple of them that are so, so.

19 But most of them look like they're going to help
20 the program. So I think it may not be the most specific
21 direction, but I think it's the consensus of the Board
22 that these are good ideas, and when you get the input from
23 the stakeholders, to come back with this kind of a program
24 formalized.

25 But I really liked your evaluation criteria,

1 because it made it easier for me to try to figure out
2 where you guys were coming from.

3 CHAIRPERSON MOULTON-PATTERSON: Thank you. And
4 we do have one public speaker.

5 Ms. George Larson.

6 MR. LARSON: Thank you, Madam Chair and members.
7 I just have one comment. First of all, I'd like to
8 commend staff. I think they've done an excellent job in
9 defining a significant number of problems, and what we all
10 have to, I think, commonly agree is a very difficult
11 program to implement.

12 I would love to see myself, Mr. Eaton's
13 suggestion, that we go back to the law and fix it, because
14 I think that's where it really needs to be fixed. But in
15 the interim, the regulatory processes is the tool at hand.

16 My comment about input from interested public
17 parties, I participated from the outset on this law and
18 this regulatory development process that we're dealing
19 with today. I attend regularly the interested parties
20 meetings that are being held on a monthly basis, which is
21 an excellent forum for input. But I think we really need
22 to get to the regulatory process. You're correct, and I
23 forget whose observation it was that there's vast
24 differences of opinion on various of these issues.

25 And we can get into interested parties or a forum

1 type setting, and for sure they're going to arise again.
2 So I'm not questioning the validity of public input
3 because you've had an enormously open door on this. I
4 think we need to get to the tough task of rewriting the
5 regulations.

6 So the bottom line of my comments is the sooner
7 we can get to that point, the better off we'll be,
8 recognizing that it's going to be a difficult task when we
9 all decide or when you decide to do that, and we all come
10 to discuss it. So regulations need to be changed and as
11 soon as we can do it, I think the better off we'll be in
12 the end.

13 CHAIRPERSON MOULTON-PATTERSON: Thank you.

14 Ms. Wohl, do you have enough sense of what the
15 Board would like?

16 Thank you. Any final public comments?

17 Hearing none, on behalf of the Board, I'd like to
18 wish everyone happy holidays, if I don't see you all. And
19 thank you for a great meeting, we really appreciate all
20 the staff work.

21 (Thereupon the California Integrated Waste
22 Management Board meeting adjourned at 12:55 p.m.)

23

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25

1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
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10 I further certify that I am not of counsel or
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12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
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